

RENEW CHARTER BANK UNITED STATES.

FEBRUARY 9, 1832.

VIEWS OF THE MAJORITY.

Mr. McDUFFIE, from the Committee of Ways and Means, to which the subject had been referred, made the following

REPORT:

The Committee of Ways and Means, in obedience to the orders of the House, have had under consideration the memorial of the President, Directors, and Company of the Bank of the United States, and also sundry memorials from other sources, relative to the renewal of the charter of the said bank, and herewith report a bill for the renewal of the said charter, with certain modifications.

The committee will not now go into the consideration of the constitutional power of Congress to incorporate the Bank of the United States, nor of the expediency of maintaining such an institution, with a view to preserve a sound and uniform currency, and to facilitate and equalize the fiscal operations of the Government. For the exposition of their views on these interesting and important questions, and of the great public benefits which have resulted from the operations of the bank, in regulating and reducing the rates of the commercial exchanges of the country, they ask leave to refer to the report made by the Committee of Ways and Means, on the 13th day of April, 1830, which they adopt as a part of this report.

The several memorials, presented by sundry citizens of the United States, praying Congress to grant them and their associates a charter for a new bank, with privileges similar to those now enjoyed by the Bank of the United States, have been duly considered by the committee. They can perceive no adequate motive, however, for creating a new bank, instead of continuing the present; but, on the contrary, very strong objections against adopting such a course. The only inducements which can justify Congress in establishing any bank, are exclusively of a public nature. The interest of the stockholders, though necessarily involved as an incident, is quite a subordinate consideration. The maintenance of a uniform currency, and the facilities afforded for collecting, transferring, and disbursing the public revenue, are the great and paramount objects to be accomplished by such an institution; and to sacrifice these to the imaginary claims of persons who may desire to speculate in the stock of a new institution, would be perverting high public trust to mere individual purposes.

With the intimate knowledge of the pecuniary wants and resources of the several portions of the Union, which it must have acquired by the experience of sixteen years, the present institution is doubtless better qualified than any new corporation could be, to fulfil the great public ends of such an establishment. In the unquestionable ability with which its affairs have been administered for the last ten years, and in the fidelity with which it has discharged all its duties to the Government and to the country, we have an assurance of future usefulness, which the applicants for a new bank certainly could not furnish. On the contrary, some of the new schemes brought forward in the memorials referred to the committee, are so utterly extravagant as to furnish just cause of alarm to all reflecting men. The present bank, though it has dealt largely in public securities, and, for several years past, held large amounts of Government stock, has, notwithstanding, found it difficult to find employment for a capital of thirty-five millions, in the safe and legitimate business of banking; yet we have applications to incorporate a banking company with a capital of fifty millions. The present bank has not realized more than five per cent. on its comparatively small capital; yet some of the projectors of new banking schemes propose to give a bonus of one million of dollars a year to the General and State Governments, for the privilege of banking on a capital of fifty millions; and expositions have been presented to the public, holding out the idea that such a bank might keep in circulation one hundred millions of its paper, and grant loans to the enormous extent of two hundred millions! In the opinion of the committee, such projects as these can only proceed from a spirit of bold and hazardous speculation, and from those who are entirely unacquainted with the practical operations of banking; and nothing in the shape of a pecuniary bonus could justify Congress in making the dangerous experiment of committing to such hands the great duties of maintaining a sound currency, and of keeping in safety, and transferring without delay or expense, the revenues of this extensive confederacy.

An opinion has been sometimes expressed, as plausible perhaps as it is delusive, that all the people of the United States are entitled to the option of subscribing for the stock of a Bank of the United States, and that, consequently, it would be an unjust preference to renew the charter of the present company. If a new bank were created, it is almost certain that the stock would go into fewer and less meritorious hands than that of the present bank, and the rest of the people of the United States would have still greater cause to complain of their exclusion, if, when the institution acquired the public confidence, its stock should be considerably above par. Men of accumulated capital, not engaged in business, and stockjobbers, are invariably the first subscribers for the stock of a new bank; and it is impossible to conceive any substantial reason why the present stockholders, who have done so much for the country, should be superseded, at the hazard of great public detriment, merely to gratify the speculating views of a still smaller number of persons, principally large moneyed capitalists and dealers in public stocks. It should be recollected, too, that a considerable portion of those who hold stock in the present bank are widows and orphans, who probably paid very nearly the present market price for the stock; and it is certain that, in the scramble for new subscriptions, most of those would be excluded by the classes of persons to which the committee have just alluded. For a more full explanation of their views on this point, they will refer the House to the report, already noticed, of a former Committee of Ways and Means.

It remains for the committee to give a brief explanation of the modifications they have proposed of the existing charter. The reservation of the power of revoking it, at any time after ten years, upon giving three years' notice of such intention, will create a responsibility in the bank, which may be extremely salutary, without creating too great a dependence upon Congress. The change proposed in the form of the bonus, is in some degree connected with this change in the tenure of the charter, and is recommended by other considerations. An annual sum, paid in the shape of interest on the Government deposits, will have the recommendation of making the amount of the bonus depend upon the extent of the benefit which the bank may derive from the public revenues, at the same time that it renders the Government an important service by the safe custody of these revenues. The authority given to the President of the United States to appoint one of the directors of each of the branches, rests upon the same principle with the existing authority to appoint a portion of the directors of the mother bank. It may be a matter of great convenience and utility for the Government to have a sentinel to give notice of any irregularities or abuses that may creep into the direction of the several branches. The prohibition against issuing draughts or checks for twenty dollars, or any smaller sum, will exclude from common circulation a description of paper, of which considerable complaint has been made in some quarters of the Union. This, however, has rendered it indispensably necessary to authorize other officers, as well as the President and Cashier, to sign and countersign bills for circulation. If this provision be not made, the whole time of the President and Cashier would be taken up in signing bills, to the entire exclusion of the more important functions of administration and superintendence; and yet these officers would not have the physical ability to execute the necessary signatures. The expediency of prohibiting the issue of any notes at branches where they are not payable, is too obvious to require comment. It is essential to protect the State banks against ruinous draughts for specie on the part of the Bank of the United States.

These provisions, in addition to those which are contained in the original charter, afford all the safeguards which can be reasonably required for the public security. The monthly statements which are made of the debts due by the bank, of the moneys deposited therein, of the notes in circulation, and the specie in hand; the right of the Secretary of the Treasury to inspect the books of the bank, and to withdraw the public deposits, subject to the approbation of Congress; the right of "a committee of either house of Congress to inspect the books and examine the proceedings of the bank;" its obligation to pay specie for its notes on demand, under a heavy penalty; and the provision that "the total amount of the debts which the said corporation shall at any time owe, over and above the debts due for money deposited, shall not exceed the amount of its capital;"—all these guards against imprudent and excessive issues, with the constant supervision of the Government directors, furnish ample guarantees for the faithful performance of its duties to the public, and undoubted securities to the holders of its notes, not only that they will be ultimately, but promptly, paid.

A bill to renew and modify the charter of the Bank of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act, entitled "an act to incorporate the subscribers to the Bank of the United States," approved the tenth day of April, one thousand eight hundred and sixteen, shall be continued in force for the period of twenty years from the third day of March, one thousand eight hundred and thirty-six, and that the power shall be reserved to Congress to repeal this act at any time after ten years from the third of March, one thousand eight hundred and thirty-six, upon giving three years' notice of such intended repeal to the President and Directors of the said bank.

SEC. 2. *And be it further enacted,* That the President of the United States, after the third day of March, one thousand eight hundred and thirty-six, shall appoint one of the directors of each of the branches of the said bank, in the same manner as he now appoints a portion of the directors of the mother bank, and with the same limitations, as to their eligibility and term of service.

SEC. 3. *And be it further enacted,* That any officers of the mother bank, who may be selected by the Board of Directors, and designated to the Secretary of the Treasury of the United States, shall be authorized to sign and countersign notes, which shall be binding and obligatory on the said corporation, in like manner as if the same were signed and countersigned by the President and principal Cashier or Treasurer.

SEC. 4. *And be it further enacted,* That the said bank is hereby prohibited from issuing any notes which are not, upon the face of them, declared to be payable at the office from which they may be issued; and, also, from drawing any draughts, or checks, for twenty dollars, or any smaller sum.

SEC. 5. *And be it further enacted,* That it shall be the duty of the bank to furnish, annually, on the first day of January, to the chief officer of the Treasury of each State, a list of the holders of stock in said bank, who are resident in such State, with the amount of the stock held by each stockholder; and nothing contained in the charter of said bank, or in this act, shall be deemed to restrain the several States from taxing the real estate of the said bank situated therein, respectively, or the proprietary interest of their respective citizens in the stock of the said bank, to the same extent that they may tax other real estate within their jurisdiction, and like interests in the stock of other corporations, or money lent at interest.

SEC. 6. *And be it further enacted,* That, in consideration of the exclusive privileges and benefits conferred by this act upon the said bank, the President, Directors, and Company thereof, shall pay to the United States, out of the corporate funds thereof, on the third day of March, one thousand eight hundred and thirty-seven, and on the same day of each year thereafter, during the continuance of the charter, an interest at the rate of per centum upon the deposits, from time to time, to the credit of the Treasurer of the United States in the said bank, and its branches, during the preceding year.

SEC. 7. *And be it further enacted,* That, after the third day of March, one thousand eight hundred and thirty-six, the said bank shall not establish any additional branch thereof, without the consent of Congress.

BANK OF THE UNITED STATES.

APRIL 13, 1830.

Mr. McDUFFIE, from the Committee of Ways and Means, to which the subject had been referred, made the following

REPORT:

The Committee of Ways and Means, to whom was referred so much of the Message of the President as relates to the Bank of the United States, beg leave to report:

That they have bestowed upon the subject all the attention demanded by its intrinsic importance, and now respectfully submit the result of their deliberations to the consideration of the House. There are few subjects, having reference to the policy of an established government, so vitally connected with the health of the body politic, or in which the pecuniary interests of society are so extensively and deeply involved. No one of the attributes of sovereignty carries with it a more solemn responsibility, or calls in requisition a higher degree of wisdom, than the power of regulating the common currency, and thus fixing the general standard of value for a great commercial community, composed of confederated States.

Such being, in the opinion of the committee, the high and delicate trust exclusively committed to Congress by the federal constitution, they have proceeded to discharge the duty assigned to them with a corresponding sense of its magnitude and difficulty.

The most simple and obvious analysis of the subject, as it is presented by the message of the President, exhibits the following questions for the decision of the National Legislature:

1. Has Congress the constitutional power to incorporate a bank, such as that of the United States?
2. Is it expedient to establish and maintain such an institution?
3. Is it expedient to establish "a National Bank, founded upon the credit of the Government and its revenues?"

1. If the concurrence of all the departments of the Government, at different periods of our history, under every administration, and during the ascendancy of both the great political parties into which the country was divided soon after the adoption of the present constitution, shall be regarded as having the authority ascribed to such sanctions by the common consent of all well regulated communities, the constitutional power of Congress to incorporate a bank may be assumed as a postulate no longer open to controversy. In little more than two years after the Government went into operation, and at a period when most of the distinguished members of

the Federal Convention were either in the Executive or Legislative councils, the act incorporating the first Bank of the United States passed both branches of Congress by large majorities, and received the deliberate sanction of President Washington, who had then recently presided over the deliberations of the Convention. The constitutional power of Congress to pass the act of incorporation was thoroughly investigated, both in the Executive cabinet and in Congress, under circumstances, in all respects, propitious to a dispassionate decision. There was, at that time, no organization of political parties, and the question was, therefore, decided by those, who, from their knowledge and experience, were peculiarly qualified to decide correctly; and who were entirely free from the influence of that party excitement and prejudice, which would justly impair, in the estimation of posterity, the authority of a legislative interpretation of the constitutional charter. No persons can be more competent to give a just construction to the constitution, than those who had a principal agency in framing it; and no administration can claim a more perfect exemption from all those influences which, sometimes, pervert the judgments, even of the most wise and patriotic, than that of the Father of his Country, during the first term of his service.

Such were the circumstances, under which all the branches of the National Legislature solemnly determined that the power of creating a National Bank was vested in Congress by the constitution. The bank, thus created, continued its operations for twenty years—the period for which its charter was granted—during which time public and private credit was raised from a prostrate to a very elevated condition, and the finances of the nation were placed upon the most solid foundation.

When the charter expired, in 1811, Congress refused to renew it, principally owing, as the committee believe, to the then existing state of political parties. Soon after the bank was chartered, the two great parties that have since divided the country began to assume an organized existence. Mr. Jefferson and Mr. Madison, the former in the Executive cabinet, and the latter in Congress, had been opposed to the establishment of the bank, on constitutional grounds, and, being placed at the head of the party most unfavorable to the extension of the powers of the Government, by implication, the bank question came to be regarded as, in some degree, the test of political principle.

When Mr. Jefferson came into power, upon the strong tide of a great political revolution, the odium of the alien and sedition laws was, in part, communicated to the Bank of the United States; and though he gave his official sanction to an act creating a new branch of that institution at New Orleans, and to another to punish the counterfeiting of its bills, yet, when the question of renewing the charter came before Congress, it was discussed as a party question. And, though some of the most distinguished republicans, including Mr. Gallatin, then Secretary of the Treasury, and Mr. Crawford, then a member of the Senate, were, decidedly in favor of the renewal, sustaining the measure by able arguments, the votes in both branches of Congress were distinctly marked as party votes. At no time, since the commencement of the Government, has there existed a more violent party excitement, than that which marked the period under review. It was the period of the embargo, non-intercourse, and other commercial restrictions; when the indiscriminating opposition of the leaders of the federal party to the measures adopted by the administration to vindicate our rights against British aggression, had caused the great majority of the American people to view these leaders as the apologists of a nation, already regarded

in the light of a public enemy. When to these circumstances we add, that the stock of the bank was principally held by British subjects, and Americans of the unpopular party, the House will readily perceive how great were the national and party prejudices which must have been arrayed against the proposition to renew its charter. It was stated by Mr. Clay, in a speech delivered in the Senate, that seven-tenths of the stock belonged to British subjects, and that certain English noblemen, and a late Lord Chancellor, were among the very largest of the stockholders. With all these difficulties to encounter, the proposition for renewing the charter was lost only by the casting vote of the President of the Senate, and by a majority of a single vote in the House of Representatives.

In less than three years after the expiration of the charter—the war with Great Britain having taken place in the mean time—the circulating medium became so disordered, the public finances so deranged, and the public credit so impaired, that the enlightened patriot, Mr. Dallas, who then presided over the Treasury Department, with the sanction of Mr. Madison, and, it is believed, every member of the cabinet, recommended to Congress the establishment of a National Bank, as the only measure by which the public credit could be revived, and the fiscal resources of the Government redeemed from a ruinous, and otherwise incurable embarrassment: and such had been the impressive lesson taught by a very brief, but fatal experience, that the very institution, which had been so recently denounced, and rejected by the republican party, being now recommended by a republican administration, was carried through both branches of Congress, as a republican measure, by an overwhelming majority of the republican party. It is true that Mr. Madison did not approve and sign the bill which passed the two Houses, because it was not such a bill as had been recommended by the Secretary of the Treasury, and because the bank it proposed to create was not calculated, in the opinion of the President, to relieve the necessities of the country. But he premised his objections to the measure, by “waiving the question of the constitutional authority of the Legislature to establish an incorporated bank, as being precluded, in his opinion, by repeated recognitions, under varied circumstances, of the validity of such an institution in acts of the Legislative, Executive, and Judicial branches of the Government, accompanied by indications, in different modes, of a concurrence of the general will of the nation.” Another bill was immediately introduced, and would, in all probability, have become a law, had not the news of peace, by doing away the pressure of the emergency, induced Congress to suspend further proceedings on the subject until the ensuing session. At the commencement of that session, Mr. Madison invited the attention of Congress to the subject; and Mr. Dallas again urged the necessity of establishing a bank, to restore the currency, and facilitate the collection and disbursement of the public revenue; and so deep and solemn was the conviction upon the minds of the public functionaries, that such an institution was the only practicable means of restoring the circulating medium to a state of soundness, that, notwithstanding the decided opposition of all the State banks and their debtors, and, indeed, the whole debtor class of the community, the act, incorporating the present Bank of the United States, was passed by considerable majorities in both branches of Congress, and approved by Mr. Madison.

This brief history of the former and present bank forcibly suggests a few practical reflections. It is to be remarked, in the first place, that, since the adoption of the constitution, a bank has existed, under the authority of the

Federal Government, for thirty-three out of forty years; during which time public and private credit has been maintained at an elevation fully equal to what has existed in any nation in the world: whereas, in the two short intervals, during which no national bank existed, public and private credit was greatly impaired, and, in the latter instance, the fiscal operations of the Government were almost entirely arrested. In the second place, it is worthy of special notice, that, in both the instances in which Congress has created a bank, it has been done under circumstances calculated to give the highest authority to the decision. The first instance, as has been already remarked, was in the primitive days of the republic, when the patriots of the revolution, and the sages of the Federal Convention, were the leading members both of the Executive and Legislative councils; and when General Washington, who, at the head of her armies, had conducted his country to independence, and, as the head of the Convention, had presided over those deliberations which resulted in the establishment of the present constitution, was the acknowledged President of a people, undistracted by party divisions. The second instance was under circumstances of a very different, but equally decisive character. We find the very party which had so recently defeated the proposition to renew the charter of the old bank, severely schooled both by adversity and experience, magnanimously sacrificing the pride of consistency, and the prejudices of party, at the shrine of patriotism. It may be said, without disparagement, that an assembly of higher talent and purer patriotism has never existed since the days of the revolution, than the Congress by which the present bank was incorporated. If ever a political party existed, of which it might be truly said that "all the ends they aimed at were their country's," it was the republican party of that day. They had just conducted the country through the perils of a war, waged in defence of her rights and honor, and, elevating their views far above the narrow and miserable ends of party strife, sought only to advance the permanent happiness of the people. It was to this great end that they established the present bank.

In this review, it will be no less instructive than curious, to notice some of the changes made in the opinions of prominent men, yielding to the authority of experience. Mr. Madison, who was the leading opponent of the bank created in 1791, recommended and sanctioned the bank created in 1816; and Mr. Clay, who strenuously opposed the renewal of the charter in 1811, as strenuously opposed the proposition to grant the charter in 1816.

That may be said of the bank charter, which can be said of few contested questions of constitutional power. Both the great political parties that have so long divided the country, have solemnly pronounced it to be constitutional; and there are but very few of the prominent men of either party, who do not stand committed in its favor. When, to this imposing array of authorities, the committee add the solemn and unanimous decision of the Supreme Court, in a case which fully and distinctly submitted the constitutional question to their cognizance, may they not ask, in the language of Mr. Dallas, "can it be deemed a violation of the right of private opinion to consider the constitutionality of a national bank as a question for ever settled and at rest?"

And here the committee beg to be distinctly understood as utterly disclaiming the idea of ascribing to the decision of any or of all the departments of the Government, upon a great constitutional question, the binding authority which belongs to judicial precedents, in cases of mere private

right, depending upon the construction of the ordinary acts of the Legislature. No length of prescription, or concurrence of authority, can consecrate the usurpation of powers subversive of public liberty, and destructive of public happiness. But, where the power exercised is clearly conducive to the public welfare, and its constitutionality is merely doubtful, it would seem to be one of the most obvious dictates of practical wisdom to regard the decision of those who had the best means of ascertaining the intention of the Constitution, and who were actuated by the most undoubted purity and disinterestedness of motive, as of sufficient authority at least to overrule theoretical objections, and silence individual scruples.

The committee will now submit a few remarks, with the design of showing, that, viewing the constitutionality of the bank as an original question, the arguments in its favor are at least as strong as those against it.

The earliest, and the principal objection urged against the constitutionality of a national bank, was, that Congress had not the power to create corporations. That Congress has a distinct and substantive power to create corporations, without reference to the objects entrusted to its jurisdiction, is a proposition which never has been maintained, within the knowledge of the committee; but, that any one of the powers expressly conferred upon Congress is subject to the limitation that it should not be carried into effect by the agency of a corporation, is a proposition which cannot be maintained, in the opinion of the committee.

If Congress, under the authority to pass *all laws*, necessary and proper for carrying into effect the powers vested in all or any of the departments of the Government, may rightfully pass a law inflicting the punishment of death, *without any other authority*, it is difficult to conceive why it may not pass a law, under the same authority, for the more humble purpose of creating a corporation. The power of creating a corporation is one of the lowest attributes, or, more properly speaking, incidents of sovereign power. The chartering of a bank, for example, does not authorize the corporation to do any thing, which the individuals composing it might not do without the charter. It is the right of every individual of the Union to give credit to whom he chooses, and to obtain credit where he can get it. It is not the policy of any commercial country to restrict the free circulation of credit, whether in the form of promissory notes, bills of exchange, or bank notes. The charter of the Bank of the United States, therefore, merely enables the corporation to do, in an artificial capacity, and with more convenience, what it would be lawful for the individual corporators to do without incorporation. Mr. Girard established a bank in Philadelphia without a charter, which was in very high credit within the sphere of its circulation; and it cannot be doubted that he might have formed a banking co-partnership with the principal capitalists in the other commercial cities of the Union, of which the bills would have had a general credit in every part of the country, particularly if the Federal Government had provided that these bills should be received in discharge of its dues. The only material particular in which the charter of the Bank of the United States confers a privilege upon the corporation, apparently inconsistent with the State laws, is, the exemption of the individual property of the corporators from responsibility for the debts of the corporation. But, if the community deal with the bank, knowing that the capital subscribed is alone liable for its debts, no one can complain either of imposition or injury; and, in point of fact, no one ever has complained on that score, or ever will. The real complaint against the

bank, is not that it has not a sufficient base for its credit, but that its credit is too extensive. The objection lies, therefore, not against the artificial character communicated to the stockholders by the charter, but against the pecuniary operations of the bank itself. Now, these operations consist in the use of its own capital—a faculty not surely derived from the Government, but in the exercise of which the Government imposes many useful restrictions for the benefit of itself and of the community.

The committee have presented this brief analysis of a bank corporation, with the view of showing that there is nothing in the nature of the thing, which renders it unfit to be an instrument in the hands of a government, admitted to be sovereign in its appropriate sphere, for carrying into effect powers expressly delegated.

It now remains for the committee to show that the Bank of the United States is a “necessary and proper,” or, in other words, a natural and appropriate means, of executing the powers vested in the Federal Government. In the discussion of 1791, and also in that before the Supreme Court, the powers of raising, collecting, and disbursing the public revenue, of borrowing money on the credit of the United States, and paying the public debt, were those which were supposed most clearly to carry with them the incidental right of incorporating a bank to facilitate these operations. There can be no doubt that these fiscal operations are greatly facilitated by a bank; and it is confidently believed that no person has presided twelve months over the Treasury, from its first organization to the present time, without coming to the conclusion, that such an institution is exceedingly useful to the public finances in time of peace, but indispensable in time of war. But as this view of the question has been fully unfolded in former discussions, familiar to the House, the committee will proceed to examine the relation which the Bank of the United States bears to another of the powers of the Federal Government, but slightly adverted to in former discussions of the subject.

The power to “coin money and fix the value thereof,” is expressly and exclusively vested in Congress. This grant was evidently intended to invest Congress with the power of regulating the circulating medium. “Coin” was regarded, at the period of framing the Constitution, as synonymous with “currency,” as it was then generally believed that bank notes could only be maintained in circulation by being the true representative of the precious metals. The word “coin,” therefore, must be regarded as a particular term, standing as the representative of a general idea. No principle of sound construction will justify a rigid adherence to the letter, in opposition to the plain intention of the clause. If, for example, the gold bars of Ricardo should be substituted for our present coins, by the general consent of the commercial world, could it be maintained that Congress would not have the power to *make* such money, and fix its value, because it is not “coined?” This would be sacrificing sense to sound, and substance to mere form. This clause of the Constitution is analogous to that which gives Congress the power “to establish post roads.” Giving to the word “establish” its restricted interpretation, as being equivalent to “fix,” or “prescribe,” can it be doubted that Congress has the power to establish a canal, or a river, as a post route, as well as a road? Roads were the ordinary channels of conveyance, and the term was, therefore, used as synonymous with “routes,” whatever might be the channel of transportation; and, in like manner, “coin,” being the ordinary and most known form of a circulating medium, that term

An argument in favor of the view just taken may be fairly deduced from the fact that the States are expressly prohibited from "coining money, or emitting bills of credit," and from "making any thing but gold and silver a lawful tender in payment of debts." This strongly confirms the idea, that the subject of regulating the circulating medium, whether consisting of coin or paper, was, at the same time that it was taken from the control of the States, vested in the only depository in which it could be placed, consistently with the obvious design of having a common measure of value throughout the Union.

But, even if it should be conceded, that the grant of power to "coin money and fix the value thereof" does not, in its terms, give Congress the power of regulating any other than the "coined" currency of the Union, may not the power of regulating any substituted currency, and especially one which is the professed representative of coin, be fairly claimed as an incidental power—as an essential means of carrying into effect the plain intention of the Constitution, in clothing Congress with the principal power? This power was granted in the same clause with that to regulate weights and measures, and for similar reasons. The one was designed to ensure a uniform measure of value, as the other was designed to ensure a uniform measure of quantity. The former is decidedly the more important, and belongs essentially to the General Government, according to every just conception of our system. A currency of uniform value is essential to what every one will admit to be of cardinal importance—the equal action of our revenue system upon the different parts of the Union. The state of things which existed when the bank was incorporated, furnished a most pregnant commentary on this clause of the Constitution. The currency of the country consisted of the paper of local banks, variously depreciated. At one of the principal sea-ports the local currency was 20 per cent. below par. Now it was in vain for Congress to regulate the value of coin, when the actual currency, professing to be its equivalent, bore no fixed relation to it. This great and essential power of fixing the standard of value, was, in point of fact, taken from Congress, and exercised by some hundreds of irresponsible banking corporations, with the strongest human motives to abuse it, because their enormous profits resulted from the abuse. The power of laying and collecting imposts and excises is expressly subject to the condition that they "shall be uniform throughout the United States;" and it is also provided, that "no preference shall be given, by any regulation of commerce, or *revenue*, to the ports of one State over those of another." Now, when it is known that the circulating medium of Baltimore was 20 per cent. below the value of the circulating medium of Boston, is it not apparent that an impost duty, though nominally uniform, would, in effect, make a discrimination in favor of Baltimore, proportioned to the depreciation of the local currency? Congress, therefore, not only had the power, but, as it seems to the committee, were under the most solemn constitutional obligations to restore the disordered currency; and the Bank of the United States was not only an appropriate means for the accomplishment of that end, but, in the opinion of the committee, the only safe and effectual means that could have been used. This view of the subject is in full accordance with the opinion of Mr. Madison, as expressed in his message of December, 1816. "But, says he, for the interest of the community at large, as well as for the purposes of the Treasury, it is essential that the nation should possess a currency of equal value, credit, and use, wherever it may circulate. The Constitution has entrusted the power of coining money, and of fixing the value thereof, to Congress, and it is the duty of Congress to exercise this power in a manner which will secure to the nation a uniform and stable currency."

power of creating and regulating a currency of that description; and the measures which were taken, during the last session, in execution of the power, give every promise of success. The Bank of the United States, under auspices the most favorable, cannot fail to be an important auxiliary."

Such are the authorities and such the arguments which have brought the committee to the conclusion, that the power to incorporate a bank is incidental to the powers of collecting and disbursing the public revenue; of borrowing money on the credit of the United States; of paying the public debt; and, above all, of fixing and regulating the standard of value, and thereby ensuring, at least so far as the medium of payment is concerned, the uniformity and equality of taxation.

II. The next question proposed for consideration, is the expediency of establishing an incorporated bank, with a view to promote the great ends already indicated. In discussing the constitutionality of such a measure, some of the considerations which render it expedient have been slightly unfolded. But these require a more full and complete development, while others remain to be presented.

It must be assumed as the basis of all sound reasoning on this subject, that the existence of a paper currency, issued by banks deriving their charters from the State Governments, cannot be prohibited by Congress. Indeed, bank credit and bank paper are so extensively interwoven with the commercial operations of society, that, even if Congress had the constitutional power, it would be utterly impossible to produce so entire a change in the monetary system of the country, as to abolish the agency of banks of discount, without involving the community in all the distressing embarrassments usually attendant on great political revolutions, subverting the titles to private property. The sudden withdrawal of some hundred millions of bank credit would be equivalent, in its effects, to the arbitrary and despotic transfer of the property of one portion of the community to another, to the extent, probably, of half that amount. Whatever, therefore, may be the advantages of a purely metallic currency, and whatever the objections to a circulating medium partly composed of bank paper, the committee consider that they are precluded, by the existing state of things, from instituting a comparison between them, with a view to any practical result.

If they were not thus precluded, and it were submitted to them as an original question, whether the acknowledged and manifold facilities of bank credit and bank paper are not more than counterbalanced by the distressing vicissitudes in trade incident to their use, they are by no means prepared to say that they would not give a decided preference to the more costly and cumbersome medium.

But the question really presented for their determination is not between a metallic and a paper currency, but between a paper currency of uniform value, and subject to the control of the only power competent to its regulation, and a paper currency of varying and fluctuating value, and subject to no common or adequate control whatever. On this question it would seem that there could scarcely exist a difference of opinion; and that this is substantially the question involved in considering the expediency of a national bank, will satisfactorily appear by a comparison of the state of the currency previous to the establishment of the present bank, and its condition for the last ten years.

Soon after the expiration of the charter of the first Bank of the United States, a number of local banks sprang up under the pecuniary

exigencies produced by the withdrawal of so large an amount of bank credit, as necessarily resulted from the winding up of its concerns—an amount falling very little short of fifteen millions of dollars. These banks being entirely free from the salutary control which the Bank of the United States had recently exercised over the local institutions, commenced that system of imprudent trading and excessive issues, which speedily involved the country in all the embarrassments of a disordered currency. The extraordinary stimulus of a heavy war expenditure, derived principally from loans, and a corresponding multiplication of local banks, chartered by the double score in some of the States, hastened the catastrophe which must have occurred, at no distant period, without these extraordinary causes. The last year of the war presented the singular and melancholy spectacle of a nation abounding in resources, a people abounding in self-devoting patriotism, and a Government reduced to the very brink of avowed bankruptcy, solely for the want of a national institution, which, at the same time that it would have facilitated the Government loans and other Treasury operations, would have furnished a circulating medium of general credit in every part of the Union. In this view of the subject, the committee are fully sustained by the opinion of Mr. Dallas, then Secretary of the Treasury, and by the concurring and almost unanimous opinion of all parties in Congress: for, whatever diversity of opinion prevailed as to the proper basis and organization of a bank, almost every one agreed that a national bank, of some sort, was indispensably necessary to rescue the country from the greatest of financial calamities.

The committee will now present a brief exposition of the state of the currency at the close of the war, of the injury which resulted from it, as well to the Government as to the community, and their reasons for believing that it could not have been restored to a sound condition, and cannot now be preserved in that condition, without the agency of such an institution as the Bank of the United States.

The price current appended to this report will exhibit a scale of depreciation in the local currency, ranging through various degrees to twenty, and even to twenty-five per cent. Among the principal eastern cities, Washington and Baltimore were the points at which the depreciation was greatest. The paper of the banks in these places, was from 20 to 22 per cent. below par. At Philadelphia, the depreciation was considerably less, though even there it was from 17 to 18 per cent. In New York and Charleston, it was from 7 to 10 per cent. But in the interior of the country, where banks were established, the depreciation was even greater than at Washington and Baltimore. In the western part of Pennsylvania, and particularly at Pittsburgh, it was 25 per cent. These statements, however, of the relative depreciation of bank paper at various places, as compared with specie, give a very inadequate idea of the enormous evils inflicted upon the community by the excessive issues of bank paper. No proposition is better established than that the value of money, whether it consists of specie or paper, is depreciated in exact proportion to the increase of its quantity, in any given state of the demand for it. If, for example, the banks, in 1816, doubled the quantity of the circulating medium by their excessive issues, they produced a general degradation of the entire mass of the currency, including gold and silver, proportioned to the redundancy of the issues, and wholly independent of the relative depreciation of bank paper at different places, as compared with specie. The nominal money price of every article was of course one hundred per cent. higher than it would have been, but for the duplication

of the quantity of the circulating medium. Money is nothing more nor less than the measure by which the relative value of all articles of merchandise is ascertained. If, when the circulating medium is fifty millions, an article should cost one dollar, it would certainly cost two, if, without any increase of the uses of a circulating medium, its quantity should be increased to one hundred millions. This rise in the price of commodities, or depreciation in the value of money, as compared with them, would not be owing to the want of credit in the bank bills of which the currency happened to be composed. It would exist though these bills were of undoubted credit, and convertible into specie at the pleasure of the holder, and would result simply from the redundancy of their quantity. It is important to a just understanding of the subject, that the relative depreciation of bank paper at different places, as compared with specie, should not be confounded with this general depreciation of the entire mass of the circulating medium, including specie. Though closely allied, both in their causes and effects, they deserve to be separately considered.

The evils resulting from the relative depreciation of bank paper at different places, are more easily traced to their causes, more palpable in their nature, and consequently more generally understood by the community. Though much less ruinous than the evils resulting from the general depreciation of the whole currency, they are yet of sufficient magnitude to demand a full exposition.

A very serious evil, already hinted at, which grew out of the relative depreciation of bank paper at the different points of importation, was its inevitable tendency to draw all the importations of foreign merchandise to the cities where the depreciation was greatest, and divert them from those where the currency was comparatively sound. If the Bank of the United States had not been established, and the Government had been left without any alternative but to receive the depreciated local currency, it is difficult to imagine the extent to which the evasion of the revenue laws would have been carried. Every State would have had an interest to encourage the excessive issues of its banks, and increase the degradation of its currency, with a view to attract foreign commerce. Even in the condition which the currency had reached in 1816, Boston, and New York, and Charleston, would have found it advantageous to derive their supplies of foreign merchandise through Baltimore; and commerce would undoubtedly have taken that direction, had not the currency been corrected. To avoid this injurious diversion of foreign imports, Massachusetts, and New York, and South Carolina, would have been driven, by all the motives of self-defence and self-interest, to degrade their respective currencies at least to a par with the currency of Baltimore; and thus a rivalry in the career of depreciation would have sprung up, to which no limit can be assigned. As the tendency of this state of things would have been to cause the largest portion of the revenue to be collected at a few places, and in the most depreciated of the local currency, it would have followed that a very small part of that revenue would have been disbursed at the points where it was collected. The Government would consequently have been compelled to sustain a heavy loss upon the transfer of its funds to the points of expenditure. The annual loss which would have resulted from these causes alone, cannot be estimated at a less sum than two millions of dollars.

But the principal loss which resulted from the relative depreciation of bank paper at different places, and its want of general credit, was that sus-

The extent of these operations annually, may be safely estimated at sixty millions of dollars. Upon this sum the loss sustained by the merchants, and planters, and farmers, and manufacturers, was not probably less than an average of ten per cent. being the excess of the rate of exchange beyond its natural rate in a sound state of the currency, and beyond the rate to which it has been actually reduced by the operations of the Bank of the United States. It will be thus perceived that an annual tax of six millions of dollars was levied from the industrious and productive classes by the large moneyed capitalists in our commercial cities who were engaged in the business of brokerage. A variously depreciated currency, and a fluctuating state of the exchanges, open a wide and abundant harvest to the money brokers; and it is not, therefore, surprising, that they should be opposed to an institution, which, at the same time that it has relieved the community from the enormous tax just stated, has deprived them of the enormous profits which they derived from speculating in the business of exchange. In addition to the losses sustained by the community, in the great operations of exchange, extensive losses were suffered throughout the interior of the country, in all the smaller operations of trade, as well as by the failure of the numerous paper banks, puffed into a factitious credit by fraudulent artifices, and having no substantial basis of capital to ensure the redemption of their bills.

But no adequate conception can be formed of the evils of a depreciated currency, without looking beyond the relative depreciation, at different places, to the general depreciation of the entire mass. It appears from the report of Mr. Crawford, the Secretary of the Treasury, in 1820, that, during the general suspension of specie payments by the local banks, in the years 1815 and 1816, the circulating medium of the United States had reached the aggregate amount of one hundred and ten millions of dollars, and that, in the year 1819, it had been reduced to forty-five millions of dollars, being a reduction of fifty-nine per cent. in the short period of four years. The committee are inclined to the opinion, that the severe and distressing operation of restoring a vitious currency to a sound state, by the calling in of bank paper, and the curtailment of bank discounts, had carried the reduction of the currency, in 1819, to a point somewhat lower than was consistent with the just requirements of the community for a circulating medium, and that the bank discounts have been gradually enlarged since that time, so as to satisfy those requirements. It will be assumed, therefore, that the circulating medium of the United States has been fifty-five millions of dollars for the last ten years, taking the average.

Even upon this assumption it will follow that the national currency has been one hundred per cent. more valuable for the last ten years than it was in 1816. In other words, two dollars would purchase no more of any commodity in 1816, than one dollar has been capable of purchasing at any time since 1819. It is obvious, therefore, that the depreciation of the paper of particular banks, at any particular time, as compared with specie, furnishes no criterion by which to ascertain the general depreciation of the whole currency, including specie, as compared with the value of that currency at a different period. A specie dollar in 1816 would purchase no more than half as much as a paper dollar will purchase at present.

Having endeavored to explain, thus briefly, the general depreciation resulting from a redundant currency, the committee will now proceed to point out some of the injurious consequences which have resulted from those great changes in the standard of value, which have been unavoidably produced by the correction of the redundancy.

An individual who borrowed a sum of money in 1816, and paid it in 1820, evidently returned to the lender double the value received from him; and one who paid a debt in 1820, which he had contracted in 1816, as evidently paid double the value he had stipulated to pay, though nominally the same amount in money. It is in this way that fluctuations in the quantity and value of the currency interfere, in the most unjust and injurious manner, between debtor and creditor.

And when banks have the power of suspending specie payments, and of arbitrarily contracting and expanding their issues, without any general control, they exercise a more dangerous and despotic power over the property of the community than was ever exercised by the most absolute government. In such a state of things, every man in the community holds his property at the mercy of money-making corporations, which have a decided interest to abuse their power.

By a course of liberal discounts and excessive issues for a few years; followed by a sudden calling in of their debts and contraction of their issues, they would have the power of transferring the property of their debtors to themselves, almost without limit. Debts contracted when their discounts were liberal, and the currency of course depreciated, would be collected when their discounts were almost suspended, and the currency of course unnaturally appreciated; and in this way the property of the community might pass under the hammer, from its rightful owners to the banks, for less than one-half its intrinsic value. If the committee have not greatly mistaken the matter, there is more of history than of speculation in what they have here presented to the consideration of the House.

It is impossible to form any thing like an accurate estimate of the injuries and losses sustained by the community, in various ways, by the disorders and fluctuations of the currency, in the period which intervened between the expiration of the old bank charter, and the establishment of the present bank. But some tolerable notion may be formed of the losses sustained by the Government in its fiscal operations during the war.

The committee have given this part of the subject an attentive and careful examination; and they cannot estimate the pecuniary losses of the Government, sustained exclusively for the want of a sound currency, and an efficient system of finance, at a sum less than forty-six millions of dollars. If they shall make this apparent, the House will have something like a standard for estimating the individual losses of the community.

The Government borrowed, during the short period of the war, eighty millions of dollars, at an average discount of fifteen per cent., giving certificates of stock, amounting to eighty millions of dollars, in exchange for sixty-eight millions of dollars in such bank paper as could be obtained. In this statement, Treasury notes are considered as stock, at twenty per cent. discount. Upon the very face of the transaction, therefore, there was a loss of twelve millions of dollars, which would, in all probability, have been saved, if the Treasury had been aided by such an institution as the Bank of the United States. But the sum of sixty-eight millions of dollars, received by the Government, was in a depreciated currency, not more than half as valuable as that in which the stock given in exchange for it has been and will be redeemed. Here, then, is another loss of thirty-four millions, resulting, incontestibly and exclusively, from the depreciation of the currency, and making, with the sum lost by the discount, forty-six millions of dollars. While, then, the Government sustained this great pecuniary loss in less than three years of war, amounting annually to more than the current ex-

penses of the Government in time of peace, it is worth while to inquire who are the persons who profited, to this enormous amount, by the derangement of the currency? It will be found that the whole benefit of this speculation upon the necessities of the Government was realized by stockjobbers and money brokers, the very same class of persons who profited so largely by the business of commercial exchanges, in consequence of the disorders of the currency, and who have the same interest in the recurrence of those disorders as lawyers have in litigation, or physicians in the diseases of the human frame. Having presented these general views of the evils which existed previous to the establishment of the Bank of the United States, it remains for the committee to inquire how far this institution has effected a remedy of those evils.

The first great question which arises under this branch of the inquiry is, whether or no the bank has corrected the disorders of the circulating medium, by providing a paper currency, convertible into specie at the pleasure of the holder, and of equal value with specie at all points of the Union.

The Chief Magistrate, in that part of his first message which relates to the Bank of the United States, expresses the opinion, that "it has failed in the great end of establishing a uniform and sound currency." After giving to this opinion all the consideration to which it is so justly entitled, from the eminent station and high character of the citizen by whom it is entertained, the committee are constrained to express their respectful but decided dissent from it. It is true that the bank does not, in all cases, redeem the bills issued by any one of its branches, indiscriminately, at all the other branches; and it is in reference to this fact, as the committee presume, that the President expresses the opinion that the institution has failed to establish "a uniform and sound currency."

It is confidently believed that no one of the persons who were principally instrumental in establishing the bank, ever entertained an idea that it would attempt to redeem its bills at any of its offices, other than those by which they should be respectively issued. The charter certainly contains no such requirement, and it would have been highly inexpedient if it had, to say nothing of its obvious injustice. The inevitable effect of such a requirement would have been to compel the bank to perform the whole of the commercial exchanges of the country, without any compensation. It would not be more unjust to require a railroad company to transport all the productions of the country without compensation. No institution could stand such an operation; and it was the injudicious attempt of the first direction of the bank to do it, that principally contributed to the embarrassments of 1819. A committee was appointed by the House of Representatives, in that year, to investigate the management of the bank; and, in the report of that committee, as well as in the discussions to which it gave rise in the House, this attempt of the direction to redeem the bills of the institution, indiscriminately, at all its branches, was indicated as one of the causes of the existing embarrassment. No one who participated in the debate pretended to allege that the bank was bound to redeem its bills indiscriminately, or that it was expedient that it should do so. The most that any one did, was to apologize for the unwise attempt.

But it yet remains for the committee to show that this indiscriminate redeemability of the bills of all the branches of the bank is not necessary "to the establishment of a uniform and sound currency."

Human wisdom has never effected in any other country, a nearer ap-

the precious metals. If, therefore, it can be shown that the bills of the United States' Bank are of equal value with silver at all points of the Union, it would seem that the proposition is clearly made out, that the bank has accomplished "the great end of establishing a uniform and sound currency." It is not denied that the bills of the mother bank, and of all its branches, are invariably and promptly redeemed in specie, whenever presented at the offices by which they have been respectively issued, and at which, upon their face, they purport to be payable. Nor is it denied that the bills of the bank, and of all the branches, are equal to specie in their respective spheres of circulation. Bills, for example, issued by the mother bank, are admitted to be equal to silver in Pennsylvania, and all those parts of the adjacent States of which Philadelphia is the market. But it is contended that these bills, not being redeemable at Charleston and New Orleans, are not of equal value with silver to the merchant who wishes to purchase cotton with them in those cities. Now, if the Philadelphia merchant had silver, instead of bank bills, he certainly could not effect his purchases with it in Charleston or New Orleans, without having the silver conveyed to those places; and it is equally certain that he could not have it conveyed there, without paying for its transportation and insurance. These expenses constitute the natural rate of exchange between those cities, and indicate the exact sum which the merchant would give as a premium for a bill of exchange, to avoid the trouble and delay of transporting his specie. It is obvious, therefore, that, even for these distant operations of commerce, silver would be no more valuable than the bills of the bank: for these would purchase a bill of exchange on either the cities mentioned, precisely as well as silver. If the operation should be reversed, and the planter of Louisiana or South Carolina should desire to place his funds in Philadelphia, with a view to purchase merchandise, he would find the bills of the branch bank, in either of those States, entirely equivalent to silver in effecting his object. Even, therefore, if the bank had not reduced the rate of the exchanges, it might be safely asserted that its bills would be of equal value with silver at every point in the Union, and for every purpose, whether local or general.

But it is impossible to exhibit any thing like a just view of the beneficial operations of the bank, without adverting to the great reduction it has effected, and the steadiness it has superinduced, in the rate of the commercial exchanges of the country. Though this branch of the business of the bank has been the subject of more complaint, perhaps, than any other, the committee have no hesitation in saying it has been productive of the most signal benefits to the community, and deserves the highest commendation. It has been already stated that it has saved the community from the immense losses resulting from a high and fluctuating state of the exchanges. It now remains to show its effect in equalizing the currency. In this respect it has been productive of results more salutary than were anticipated by the most sanguine advocates of the policy of establishing the bank. *It has actually furnished a circulating medium more uniform than specie.* This proposition is susceptible of the clearest demonstration. If the whole circulating medium were specie, a planter of Louisiana, who should desire to purchase merchandise in Philadelphia, would be obliged to pay one per cent. either for a bill of exchange on this latter place, or for the transportation and insurance of his specie. His specie at New Orleans, where he had no present use for it, would be worth one per cent. less to him than it would be in Philadelphia. But, by the aid of the Bank of the

him. The bank, for one half of one per cent. will give him a draught upon the mother bank at Philadelphia, with which he can draw either the bills of that bank, or specie, at his pleasure. In like manner, the bank and its branches will give draughts from any point of the Union to any other where offices exist, at a per centage greatly less than it would cost to transport specie, and in many instances at par. If the merchant or planter, however, does not choose to purchase a draught from the bank, but prefers transmitting the bills of the office where he resides to any distant point, for commercial purposes, although these bills are not strictly redeemable at the point to which they are transmitted, yet, as they are receivable in payment of all dues to the Government, persons will be generally found willing to take them at par; and if they should not, the bank will receive them frequently at par, and always at a discount much less than would pay the expense of transporting specie. The fact that the bills of the bank and its branches are indiscriminately receivable at the custom-houses and land offices in payment of duties, and for the public lands, has an effect in giving uniformity to the value of these bills, which merits a more full and distinct explanation.

For all the purposes of the revenue, it gives to the national currency that perfect uniformity, that ideal perfection, to which a currency of gold and silver, in so extensive a country, could have no pretensions.* A bill issued at Missouri is of equal value with specie at Boston, in payment of duties; and the same is true of all other places, however distant, where the bank issues bills, and the Government collects its revenue. When it is, moreover, considered, that the bank performs, with the most scrupulous punctuality, the stipulation to transfer the funds of the Government to any point where they may be wanted, free of expense, it must be apparent that the committee are correct, to the very letter, in stating that the bank has furnished, both to the Government and to the people, *a currency of absolutely uniform value in all places, for all the purposes of paying the public contributions, and disbursing the public revenue.* And when it is recollected that the Government annually collects and disburses more than 23 millions of dollars, those who are at all familiar with the subject will at once perceive that bills, which are of absolutely uniform value for this vast operation, must be very nearly so for all the purposes of general commerce.

Upon the whole, then, it may be confidently asserted that no country in the world has a circulating medium of greater uniformity than the United States; and that no country of any thing like the same geographical extent, has a currency at all comparable to that of the United States on the score of uniformity. The committee have seen the statement of an intelligent traveller, who has visited almost every part of Europe, exhibiting the great variations of the currency in different parts of the same empire or kingdom. In Russia, the bills of the Bank of St. Petersburg have a very limited circulation. At Riga, and throughout Courland, Livonia, and all the southern parts of the empire, the currency is exclusively of silver coins. In Denmark, the notes of the Bank of Copenhagen are current only in Zealand, the other islands, and Jutland, but will not pass at all in Sleswic and Holstein, which constitute the best portion of the kingdom. Since the Congress of Vienna, Germany is divided into thirty-nine separate States, each having a distinct currency, though represented in the Diet at Frankfort. Out of the territory in which these several currencies are issued, they are mere articles of merchandise; which circumstance has given rise in every town to a nume-

separate and unconnected currencies have a tendency to embarrass commerce, may be inferred from the fact, that a traveller going from St. Petersburg to Calais will lose, upon the unavoidable changes of money, an average of six per cent. In France, the bills of the bank are of such large denominations as to be adapted only to the greater operations of commerce, and are principally confined to the bankers and extensive traders in Paris. The general currency is silver; and, to avoid the trouble of carrying this to distant parts of the kingdom, gold pieces, or bills of exchange, which are preferable, are purchased at a premium of from one and a half to four per cent. After this brief review of the currencies of Europe, the committee will barely state, as a conclusive vindication of our currency from the imputation of unsoundness, that there is no point in the Union, at which a bill of the United States' Bank, issued at the opposite extremity of the country, is at a discount of more than one-fourth of one per cent.

In confirmation of the views here presented, as to the comparative uniformity of the currency furnished by the bank, and, also, as to the obligation of the bank to redeem its bills, indiscriminately, at all the offices, the committee will present a few brief extracts from the speech of a statesman, whose opinions have every title to authority on these important subjects. Mr. Lowndes, in discussing the question how far the bank had performed the great duty for which it was created, used the following decided language in 1819, when the currency had not reached the point of uniformity it has now attained by half of one per cent.

“The great object of the Government in chartering the bank was to provide a currency which should have that degree of stability and uniformity in its value which is required by the interests both of our commerce and revenue. A currency, equally valuable at every place and every time, cannot be provided by human wisdom. The nearest approach to this object has been generally supposed to be afforded by the employment of gold and silver as the measures of value. The 14th Congress did not aim at ideal perfection; they wished to combine with the conveniencies of bank circulation a uniformity of value equal to that which was possessed by the precious metals; and the means which they employed to secure this uniformity were simple and effectual, by enjoining, under a heavy penalty, the payment of all its notes in coin, upon demand. In the report, indeed, the notes of the National Bank are said to be now ‘on the same footing with those of local banks.’ Of the footing on which local bank notes stood, he should speak hereafter; but the price current upon his table informed him that the greatest discount on branch notes of the United States was three-fourths of one per cent. This was a value much more uniform than that which coin could be expected to have in so extensive a country. He had been lately looking into a book on political economy, which had been published here, with high, and, in respect to its clearness and precision, with just commendations—the work of Mr. Tracy. He inferred from one of his chapters, that the difference of exchange between Marseilles and Paris was often from two to three per cent. If, with all the facilities afforded by the internal improvements in which France is so rich, with a currency consisting almost exclusively of gold and silver, the variation in the value of money is three times greater *in her territory than on our continent*, can it be said that, in this respect, the bank has not fulfilled the objects of its institution? Before its establishment, the value of bank notes, even in the commercial

bore a fixed proportion to the precious metals, or to any natural standard, it was impossible to assign any limit to their depreciation. You have required that the currency furnished by the National Bank should be every where convertible into silver, and it is so. You have expected that it should be as uniform as coin, and it is more so. He would not detain the committee by reading a paper, which he had prepared with that intention, containing the state of exchange, since the establishment of the bank, with England, France, and Holland: for he found himself occupying much more of their time than he had expected. But he believed that any member, who should turn his attention to the subject, would remark its steadiness during that period. He thought himself justified in drawing from this fact a conclusion highly favorable to the bank."

In reference to the great depreciation of the paper of the local banks, previous to the establishment of that of the United States, he said:

"Did the interests or duty of the Government of the United States permit that this currency should be received by it? Some dissatisfaction was expressed because the branch notes of the United States' Bank were at a discount of three-fourths of one per cent. He read from a price current the state of the market for bank notes, by which it appeared that notes, which were insisted to be in very good credit, varied from a discount of two and a half to one of seven, fifteen, twenty-five, and even thirty per cent. Was our revenue to be received in these notes? How were they to be employed? They might be expended in the district in which they were issued. But was the expenditure of every district to be exactly limited to its revenue? What became of the Union if it were so? He spoke of the thing, and not the name. Our Union might dissolve in imbecility as well as be destroyed by violence. Did not union imply that the resources of one State, its money as well as its men, might be employed for the defence of another?

"But, if the Government were willing to bear the loss of a depreciated and unequal currency, it must neglect the plainest principle of the constitution in doing so—equality of taxation. The committee must 'well remember, that, before the establishment of the National Bank, such was the unequal value of currency in the different States, that the merchants paid duties, varying fifteen per cent. from each other, on the same articles.'"

On the question, whether the bank was bound to redeem, indiscriminately, the bills of all its branches, he said:

"He should not argue that the bank was not bound to pay its notes, indiscriminately, at all its offices. He believed that nobody now contended that it was." * * * "It was no unfair account of the practical operation of the system of which he was speaking, to say that it gave to the branches where the exchange was unfavorable, the entire disposition of the specie of those branches where the exchange was favorable. Upwards of six millions of specie have been sent to the branch of New York, besides the amount which has been paid by the subscribers of the bank there; but, in issuing notes which the bank of New York has been obliged to redeem, every branch throughout the country has drawn upon a fund, with whose condition at the time it could not be acquainted." * * *

* * * "Such a system might be expected to produce inconvenient changes in the distribution of bank capital, an extreme facility of obtaining loans at one time, and unexpected contractions of discount at another." * * * "Whenever the state of exchange is unfavorable,

nothing to fear from a draught of specie, and is encouraged to lend to every applicant. Wherever the exchange is favorable, and on the sound principles of banking, an enlarged accommodation might be given to the community—there the flow of notes from every State whose exchange is unfavorable, contracts or suspends all the operations of the bank. Thus, wherever discounts should be enlarged, the tendency of this system is to reduce them, and to enlarge them wherever they should be reduced.”

Independently of the gross injustice of requiring the bank to perform all the exchanges of this extensive confederacy without any compensation, these enlightened views show most conclusively its inexpediency and injustice, as it regards the different sections of the Union. It would inevitably render those parts of the Union where the bank issues were prudent and moderate, tributary to those where the issues were injudicious and excessive. In this way, the very inequality in the currency, which the bank was designed to correct, would be perpetuated by the vain attempt to make it perform impossibilities. The power of annihilating space, of transporting money or any other article to the most distant points without the loss of time or the application of labor, belongs to no human institution.

But the salutary agency of the Bank of the United States, in furnishing a sound and uniform currency, is not confined to that portion of the currency which consists of its own bills. One of the most important purposes which the bank was designed to accomplish, and which, it is confidently believed, no other human agency could have effected, under our federative system of Government, was the enforcement of specie payments on the part of numerous local banks, deriving their charters from the several States, and whose paper, irredeemable in specie, and illimitable in its quantity, constituted the almost entire currency of the country. Amidst a combination of the greatest difficulties, the bank has almost completely succeeded in the performance of this arduous, delicate, and painful duty. With exceptions, too inconsiderable to merit notice, all the State banks in the Union have resumed specie payments. Their bills, in the respective spheres of their circulation, are of equal value with gold and silver; while, for all the operations of commerce, beyond that sphere, the bills or the checks of the Bank of the United States are even more valuable than specie. And even in the very few instances in which the paper of State banks is depreciated, those banks are winding up their concerns; and it may be safely said, that no citizen of the Union is under the necessity of taking depreciated paper, because a sound currency cannot be obtained. North Carolina is believed to be the only State where paper of the local banks is irredeemable in specie, and consequently depreciated. Even there, the depreciation is only one or two per cent., and, what is more important, the paper of the Bank of the United States can be obtained by all those who desire it, and have an equivalent to give for it.

The committee are aware that the opinion is entertained by some, that the local banks would, at some time or other, either voluntarily, or by the coercion of the State Legislatures, have resumed specie payments. In the very nature of things, this would seem to be an impossibility. It must be remembered that no banks ever made such large dividends as were realized by the local institutions during the suspension of specie payments. A rich and abundant harvest of profit was opened to them, which the resumption of specie payments must inevitably blast. While permitted to give their own notes, bearing no interest, and not redeemable in specie, in exchange for bet-

upon moneyed corporations, would have existed, to prevent the State banks from putting an end to the very state of things from which their excessive profits proceeded. Their very nature must have been changed, therefore, before they could have been induced to co-operate, voluntarily, in the restoration of the currency. It is quite as improbable that the State Legislatures would have compelled the banks to do their duty. It has already been stated that the tendency of a depreciated currency to attract importations to the points of greatest depreciation, and to lighten the relative burdens of federal taxation, would naturally produce, among the States, a rivalry in the business of excessive bank issues. But there remains to be stated a cause, of more general operation, which would have prevented the interposition of the State Legislatures to correct those issues.

The banks were, directly and indirectly, the creditors of the whole community; and the resumption of specie payments necessarily involved a general curtailment of discounts, and withdrawal of credit, which would produce a general and distressing pressure upon the entire class of debtors. These constituted the largest portion of the population of all the States where specie payments were suspended, and bank issues excessive. Those, therefore, who controlled public opinion in the States where the depreciation of the local paper was greatest, were interested in the perpetuation of the evil. Deep and deleterious, therefore, as the disease evidently was, in many of the States, their Legislatures could not have been expected to apply a remedy so painful as the compulsion of specie payments would have been, without the aid of the Bank of the United States. And here it is worthy of special remark, that, while that bank has compelled the local banks to resume specie payments, it has most materially contributed, by its direct aid and liberal arrangements, to enable them to do so, and that with the least possible embarrassment to themselves and distress to the community. If the State Legislatures had been ever so anxious to compel the banks to resume specie payments, and the banks ever so willing to make the effort, the committee are decidedly of the opinion that they could not have done it, unaided by the Bank of the United States, without producing a degree of distress incomparably greater than has been actually experienced. They will conclude their remarks on this branch of the subject, by the obvious reflection, that, if Congress, at the close of the war, had left it to the States to restore the disordered currency, this important function of sovereignty would have been left with those from whom the constitution has expressly taken it, and by whom it could not be beneficially or effectually exercised. But another idea, of considerable plausibility, is not without its advocates. It is said that this Government, by making the resumption and continuance of specie payments the condition upon which the State banks should receive the Government deposits, might have restored the currency to a state of uniformity. Without stopping to give their reasons for believing that specie payments could not have been restored in this way, and that, even if they could, a uniform currency of general credit throughout the Union would not have been provided, the committee will proceed to give their reasons for thinking that such a connexion between the Federal Government and the State banks would be exceedingly dangerous to the purity of both. While there is a National Bank, bound by its charter to perform certain stipulated duties, and entitled to receive the Government deposits as a compensation, fixed by the law creating the charter, and only to be forfeited by the failure to perform those duties, there is nothing in the connexion at all inconsistent with

country has a deep interest that the bank should maintain specie payments, and the Government an additional interest that it should keep the public funds safely, and transfer them, free of expense, wherever they may be wanted. The Government, therefore, has no power over the bank, but the salutary power of enforcing a compliance with the terms of its charter. Every thing is fixed by the law, and nothing left to arbitrary discretion. It is true that the Secretary of the Treasury, with the sanction of Congress, would have the power to prevent the bank from using its power unjustly and oppressively, and to punish any attempt, on the part of the directors, to bring the pecuniary influence of the institution to bear upon the politics of the country, by withdrawing the Government deposits from the offending branches; but this power would not be lightly exercised by the Treasury, as its exercise would necessarily be subject to be reviewed by Congress. It is, in its nature, a salutary corrective, creating no undue dependence on the part of the bank.

But the state of things would be widely different if there was no National Bank, and it was left to the discretion of the Secretary of the Treasury to select the local banks in which the Government deposits should be made. All the State banks would, in that case, be competitors for the favor of the Treasury; and no one, who will duly consider the nature of this sort of patronage, can fail to perceive, that, in the hands of an ambitious man, not possessed of perfect purity and unbending integrity, it would be imminently dangerous to the public liberty. The State banks would enter the lists of political controversy, with a view to obtain this patronage; and very little sagacity is required to foresee, that, if there should ever happen to be an administration disposed to use its patronage to perpetuate its power, the public funds would be put in jeopardy by being deposited in banks unworthy of confidence, and the most extensive corruption brought to bear upon the elections throughout the Union. A state of things more adverse to the purity of the Government—a power more liable to be abused—can scarcely be imagined. If five millions of dollars were annually placed in the hands of the Secretary of the Treasury, to be distributed at his discretion, for the purposes of internal improvement, it would not invest him with a more dangerous and corrupting power.

In connexion with this branch of the subject, the committee will briefly examine the grounds of a complaint, sometimes made against the Bank of the United States. It is alleged that this bank, availing itself of the Government deposits, consisting in some places principally of local paper, makes heavy and oppressive draughts on the local banks for specie, and thus compels them to curtail their discounts, to the great injury of the community. In the first place, it is to be remarked, that one of the highest duties of the bank—the great object for which it was established—was to prevent the excessive issues of local paper; and this duty can only be performed, by enforcing upon the State banks the payment of specie for any excess in their issues. But the committee are induced to believe that this complaint is principally owing, so far as it now exists, to the fact that the operations of the Federal Treasury are mistaken for the operations of the bank, because the bank is the agent by whom those operations are performed. This institution receives the Government deposits in the paper of the local banks, certainly in no spirit of hostility to those banks. On the contrary, it tends to give them credit, and is designed to have that effect. But the Bank of the United States is not only bound to pay in specie, or its own bills, what it receives

for the Government in local paper, but to transfer the funds to any part of the Union where they may be required for disbursement. Let it be assumed, that the Government collects annually, at the custom-house in Charleston, one million of dollars in local bank notes, and disburses in South Carolina only one hundred thousand, it would result from this, that the Government would have nine hundred thousand dollars of local bank paper deposited in the Charleston branch, which the bank would be bound by its charter, and for the national benefit, to transfer perhaps to Washington or Norfolk. As this paper would not answer the purposes of the Government at those places, the bank would be, of course, compelled to provide specie, or bills that will command specie at those places. It is obvious, then, that it is the inequality in the collection and disbursement of the revenue, that produces the evil in question. If all the revenue collected in Charleston were disbursed in the State, no draughts would be made upon the local banks for specie. The Bank of the United States, so far from being justly obnoxious to any complaint on this score, has greatly mitigated the action of the Treasury upon the local banks, by means of the liberal arrangements which its large capital and numerous branches have enabled it to make with them. The degree in which that institution has reduced the rate of exchange, may be fairly assumed as that in which it has mitigated the action of the Treasury upon the State banks. If, for example, there existed no National Bank, and the deposits of the revenue collected in Charleston were made in one of the local banks, what would be the effect of transferring, annually, nine hundred thousand dollars to Washington or Norfolk? The local banks, having no branches at either of those places, instead of transmitting draughts, as is now generally done, would be compelled to transmit specie. The bank in which the Government deposits were made, would consequently be under the necessity of demanding specie from all the other banks, in a manner, and to an extent, much more oppressive than any thing that can be imputed to the Bank of the United States. If, to avoid these specie draughts, the local banks should purchase bills on Washington or Norfolk, they would probably cost five or six per cent. even in a tolerable state of the currency, which would be a loss to the banks almost to the full extent of the premium.

Although the expediency of renewing the charter of the present bank is not a question now submitted for the decision of Congress, the committee consider it so far involved in the matter referred to them, as to render it their duty to present some considerations bearing on that question, in addition to what they have said on the general expediency of maintaining such an institution. If a National Bank, similar to the present, be a necessary and proper agent for the accomplishment of the great purposes heretofore indicated, the only remaining question would seem to be, whether the charter of the present stockholders should be renewed, or a new set of stockholders incorporated.

In considering this question, Congress will, of course, be governed, in some degree, by the terms on which the present stockholders will agree to accept a renewal of their charter. But, as the committee have satisfactory reasons for believing that terms eminently advantageous to the Government can be obtained, they will proceed to some other inquiries. What, then, would be the effect of refusing to renew the present charter? And, in the first place, what are the inducements for pursuing that course?

It is sometimes alleged that the present stockholders are large capitalists, and, as the stock of the bank is some 20 per cent. above par, that a renewal

of the charter would be equivalent to a grant to them of 20 per cent. upon their capital. It is true that a small proportion of the capital of the company belongs to very wealthy men. Something more than two millions of that owned in the United States belongs to persons holding upwards of one hundred thousand dollars each. It is also true that foreigners own seven millions, or one-fifth of the capital. But, on the other hand, it is to be remarked that the Government, in trust for the people of the United States, holds seven millions; that persons owning less than five thousand dollars each, hold four million six hundred and eighty-two thousand; and that persons owning between five and ten thousand dollars each, hold upwards of three millions. It is also worthy of remark, that a very considerable portion of the stock—very nearly six millions—is held by trustees and guardians, for the use of females and orphan children, and charitable and other institutions. Of the twenty-eight millions of the stock which is owned by individuals, only three millions four hundred and fifty-three thousand is now held by the original subscribers. All the rest has been purchased at the market prices—a large portion of it, probably, when those prices were higher than at present. Most of the investments made by wills and deeds, and decrees in equity, for the use of females and minors, are believed to have been made when the stock was greatly above par. From this brief analysis, it will appear that there is nothing in the character or situation of the stockholders, which should make it desirable to deprive them of the advantages which they have fairly gained, by an application of their capital to purposes highly beneficial, as the committee have attempted to show, to the Government and people of the United States. If foreigners own seven millions of the stock of the bank, our own Government owns as much; if wealthy men own more than two millions, men in moderate circumstances own between seven and eight millions; and widows, orphans, and institutions devoted to charitable and other purposes, own nearly six millions.

But the objection that the stock is owned by men of large capital would apply with equal, if not greater force to any bank that could be organized. In the very nature of things, men who have large surplus capitals are the principal subscribers at the first organization of a bank. Farmers and planters, merchants and manufacturers, having an active employment for their capitals, do not choose to be the first adventurers in a bank project. Accordingly, when the present bank went into operation, it is believed that most of the capital was owned by large capitalists, and under a much more unequal distribution than exists at present. The large amount of stock now held in trust for females and minors, has been principally, if not entirely, purchased since the bank went into operation; and the same remark is generally applicable to the stock in the hands of small holders. It is only when the character of a bank is fully established, and when its stock assumes a steady value, that these descriptions of persons make investments in it.

It is morally certain, therefore, that, if another distinct institution were created, on the expiration of the present charter, there would be a much greater portion of its capital subscribed by men of large fortunes, than is now owned by persons of this description, of the stock of the United States' Bank. Indeed, it might be confidently predicted that the large capitalists who now hold stock in that bank would, from their local position and other advantages, be the first to forestall the subscriptions to the new bank, while the small stockholders, scattered over the country, would be probably excluded, and the females and minors, and others interested in trust investments

made by decrees in equity, would be almost necessarily excluded, as the sanction of a court could scarcely be obtained, after the passage of the new act of incorporation, in time to authorize a subscription.

To destroy the existing bank, therefore, after it has rendered such signal services to the country, merely with a view to incorporate another, would be an act rather of cruelty and caprice, than of justice and wisdom, as it regards the present stockholders. It is no light matter to depreciate the property of individuals, honestly obtained, and usefully employed, to the extent of five millions six hundred thousand dollars, and the property of the Government, to the extent of one million four hundred thousand dollars, purely for the sake of change. It would indicate a fondness for experiment, which a wise Government will not indulge upon slight considerations.

But the great injury which would result from the refusal of Congress to renew the charter of the present Bank, would, beyond all question, be that which would result to the community at large. It would be difficult to estimate the extent of the distress which would naturally and necessarily result from the sudden withdrawal of more than forty millions of credit, which the community now enjoys from the bank. But this would not be the full extent of the operation. The Bank of the United States, in winding up its concerns, would not only withdraw its own paper from circulation, and call in its debts, but would unavoidably make such heavy draughts on the local institutions for specie, as very greatly to curtail their discounts. The pressure upon the active, industrious, and enterprising classes, who depend most on the facilities of bank credit, would be tremendous. A vast amount of property would change hands at half its value, passing under the hammer, from the merchants, manufacturers, and farmers, to the large moneyed capitalists, who always stand ready to avail themselves of the pecuniary embarrassments of the community. The large stockholders of the present bank, the very persons whose present lawful gains it would be the object of some to cut off, having a large surplus money capital thrown upon their hands, would be the very first to speculate upon the distresses of the community, and build up princely fortunes upon the ruins of the industrious and active classes. On the other hand, the females and minors, and persons in moderate circumstances, who hold stock in the institution, would sustain an injury, in no degree mitigated by the general distress of the community.

A very grave and solemn question will be presented to Congress, when they come to decide upon the expediency of renewing the charter of the present bank. That institution has succeeded in carrying the country through the painful process necessary to cure a deep seated disease in the national currency. The nation, after having suffered the almost convulsive agonies of this necessary remedy, is now restored to perfect health. In this state of things, it will be for Congress to decide whether it is the part of wisdom to expose the country to a degree of suffering almost equal to that which it has already suffered, for the purpose of bringing back that very derangement of the currency which has been remedied by a process as necessary as it was distressing.

If the Bank of the United States were destroyed, and the local institutions left without its restraining influence, the currency would almost certainly relapse into a state of unsoundness. The very pressure which the present bank, in winding up its concerns, would make upon the local institutions, would compel them either to curtail their discounts when most needed, or to suspend specie payments. It is not difficult to predict which of these al-

alternatives they would adopt, under the circumstances in which they would be placed. The imperious wants of a suffering community would call for discounts, in language which could not be disregarded. The public necessities would demand, and public opinion would sanction, the suspension, or at least an evasion, of specie payments.

But, even if this desperate resort could be avoided in a period of peace and general prosperity, neither reason nor experience will permit us to doubt that a state of war would speedily bring about all the evils which so fatally affected the credit of the Government and the national currency during the late war with Great Britain. We should be again driven to the same miserable round of financial expedients, which, in little more than two years, brought a wealthy community almost to the very brink of a declared national bankruptcy, and placed the Government completely at the mercy of speculating stockjobbers.

The committee feel warranted, by the past experience of the country, in expressing it as their deliberate opinion, that, in a period of war, the financial resources of the country could not be drawn into efficient operation without the aid of a national bank, and that the local banks would certainly resort to a suspension of specie payments. The maxim is eminently true in modern times, that money is the sinew of military power. In this view of the subject, it does appear to the committee that no one of the institutions of the country, not excepting the army or navy, is of more vital importance than a national bank. It has this decided advantage over the army and navy: while they are of scarcely any value except in war, the bank is not less useful than either of them in war, and is also eminently useful in peace. It has another advantage, still greater. If, like the army or navy, it should cost the nation millions annually to sustain it, the expediency of the expenditure might be doubted. But, when it actually saves to the Government and to the country, and as the committee have heretofore attempted to show, more millions annually than are expended in supporting both the army and navy, it would seem that, if there was any one measure of national policy upon which all the political parties of the country should be brought to unite, by the impressive lessons of experience, it is that of maintaining a national bank.

It is due to the persons, who, for the last ten years, have been concerned in the administration of the bank, to state that they have performed the delicate and difficult trust committed to them, in such a manner, as, at the same time, to accomplish the great national ends for which it was established, and promote the permanent interest of the stockholders, with the least practicable pressure upon the local banks. As far as the committee are enabled to form an opinion, from careful inquiry, the bank has been liberal and indulgent in its dealings with these institutions, and, with scarcely an exception, now stands in the most amicable relation to them. Some of those institutions have borne the most disinterested and unequivocal testimony in favor of the bank.

It is but strict justice also to remark, that the direction of the mother bank appears to have abstained, with scrupulous care, from bringing the power and influence of the bank to bear upon political questions, and to have selected, for the direction of the various branches, business men in no way connected with party politics. The committee advert to this part of the conduct of the directors, not only with a view to its commendation, but for the purpose of expressing their strong and decided conviction that the usefulness and stability of such an institution will materially depend upon a steady and undevi-

ating adherence to the policy of excluding party politics and political partisans from all participation in its management. It is gratifying to conclude this branch of the subject, by stating that the affairs of the present bank, under the able, efficient, and faithful guidance of its two last presidents and their associates, have been brought from a state of great embarrassment into a condition of the highest prosperity. Having succeeded in restoring the paper of the local banks to a sound state, its resources are now such as to justify the directors in extending the issue and circulation of its paper so as to satisfy the wants of the community, both as it regards bank accommodations and a circulating medium. Upon the soundest principles of banking, the very ample resources of the institution would justify the directors in granting accommodations to a much greater extent than they have yet done; and though they have increased the circulation of their paper from four and a half to fourteen millions, since January, 1823, they are ready and willing to increase it still further, by discounting bills of exchange and other business paper. It is believed that the discounts and issues of the institution are now actually limited by the want of applications resting upon these, the only substantial and safe foundations of bank credit and circulation.

III. Having said thus much on the constitutionality and expediency of an incorporated National Bank, the only question which remains to be examined by the committee is, the expediency of establishing a "National Bank, founded upon the credit of the Government and its revenues."

It is presumed to have been the intention of the President, in suggesting the inquiry as to a bank founded upon the credit and revenues of the Government, to be understood as having allusion to a bank of discount and deposit. Such a bank, it is taken for granted, would have branches established in various parts of the Union, similar to those now established by the Bank of the United States, and co-extensive with them. The great object of furnishing a national currency could not be accomplished, with an approach to uniformity, without the agency of such branches; and another object, second only in importance to the one just stated, the extension of the commercial facilities of bank accommodations to the different parts of the Union, could not be at all effected without such agency. If there should be simply a great central bank established at the seat of Government, without branches to connect its operations with the various points of the commerce of the Union, the promise to pay specie for its notes, whenever presented, would almost be purely nominal. Of what consequence would it be to a merchant or planter of Louisiana, or a manufacturer or farmer of Maine, that he could obtain specie for bills of the National Bank, on presenting them at the city of Washington—a place wholly unconnected either with Louisiana or Maine, by any sort of commercial intercourse, and where, consequently, these bills would never come in the regular course of trade? A promise to pay specie at a place so remote from the place of circulation, and where the bills would never come but at a great expense, and for the sole purpose of being presented for payment, would neither give credit to the notes, nor operate as an effective check upon excessive issues. Whatever credit such notes might have at a distance from the place of issue, would not be because they were redeemable at the pleasure of the holder—for such would not be the fact; but principally because of the ultimate responsibility of the Government, and of their being receivable in payment of all dues to the Treasury. They would rest, therefore, upon almost precisely the same bases of credit as the paper money of our revolution, the assignats of revolutionary France, and the Treasury notes

of the late war. These were receivable in discharge of debts due to the Treasury, and the Government was, of course, ultimately responsible for their payment; yet the two former depreciated almost to nothing, and the latter, though bearing interest, sunk to 20 per cent. below par. But the notes of a central Government bank, without branches, would be subject to depreciation from a cause which constitutes a conclusive objection to such an institution. *There would be nothing to limit excessive issues but the discretion and prudence of the Government or of the direction.* Human wisdom has never devised any adequate security against the excessive issues, and, consequently, the depreciation of bank paper, but its actual, and easy, and prompt convertibility into specie at the pleasure of the holder. Experience has shown, that, where the paper of a bank is, by any means, habitually circulated at places remote from the point where it is issued, and not connected with it by a regular commercial intercourse, there will not exist that easy and prompt convertibility which is so essential to the credit of bank paper. When bank bills are confined to their appropriate sphere of circulation, a redundant issue is certainly and immediately followed by a run upon the bank for specie. This timely admonition is as useful to the bank as it is to the community: for it enables the directors to avoid, with unfailing certainty, an excess equally injurious to both, and which no human sagacity could anticipate or prevent, by calculation merely. Whatever, therefore, in a system of bank circulation, prevents the reflux of redundant issues, necessarily destroys the only adequate security against these injurious and ruinous excesses.

But a Government bank, without branches, would be obnoxious to another objection, which could not be obviated. Its loans would be confined to the District of Columbia; or, if extended to the various parts of the Union—to say nothing of the inconvenience to which it would expose those at a distance who obtained accommodations—they would be unavoidably granted without any knowledge of the circumstances of the persons upon whose credit the Government would depend for repayment. It would, in fact, be, for all useful purposes, a mere District bank.

These views of the subject have brought the committee to the conclusion, that, if a Government bank should be established, it would have at least as many branches as the Bank of the United States, and probably a much greater number. Few administrations would have the firmness to resist an application to establish a branch, coming from any quarter of the Union, however injudicious the location might be, upon correct principles of commerce and banking.

The Bank of the United States now employs five hundred agents, in the various parts of the Union where its offices are established. From this fact, some idea may be formed of the very great addition which would be made to the patronage of the Executive Government by the establishment of such a bank as the one under consideration.

But the patronage resulting from the appointment—the annual appointment—of these agents, great as it would doubtless be, would be insignificant and harmless, when compared with that which would result from the dispensation of bank accommodations to the standing amount of at least fifty millions of dollars! The mind almost instinctively shrinks from the contemplation of an idea so ominous to the purity of the Government, and the liberties of the people. No Government, of which the committee have any knowledge, except, perhaps, the despotism of Russia, was ever invested

with a patronage at once so prodigious in its influence, and so dangerous in its character. In the most desperate financial extremities, no other European Government has ever ventured upon an experiment so perilous. If the whole patronage of the English monarchy were concentrated in the hands of the American Executive, it may be well doubted whether the public liberty would be so much endangered by it as it would by this vast pecuniary machine, which would place in the hands of every administration fifty millions of dollars, as a fund for rewarding political partisans.

Without assuming that a corrupt use would be made of this new species of Government patronage, a very slight acquaintance with the practice of all political parties, whatever may be their professions, will be sufficient to satisfy any reflecting mind that all the evil consequences of corruption would flow from its exercise. Have not our political contests too frequently degenerated into a selfish scramble for the offices of the country? Are there not those who sincerely and honestly believe that these offices are legitimate objects of political warfare, and the rightful reward of the victorious party? And, disinterested and patriotic as the great body of every political party is admitted to be, the fact is no less true than it is lamentable, that the most devoted and active partisans are very often mere soldiers of fortune, who watch the political signs, and enlist, at the eleventh hour, under the banners of the party most likely to prove successful. Such being, more or less, the composition of all political parties, what would be the probable use made of fifty millions of bank patronage, by a political party which conscientiously held the doctrine that all the offices in the gift of the Executive should be divided among the partisans of a successful political leader? Would not the same principle be even more applicable to bank loans? and would not the Treasury of the United States, under the sanctifying influence of party delusion and party infatuation, be literally plundered by mercenary retainers, bankrupts in fortune, and adventurers in politics?

Even if the administration should be ever so much disposed to restrain the abuse of this patronage, it would be utterly impracticable to exercise any efficient control over the great number of bank directors who would be scattered over the Union, and who, upon all the known principles of human nature, it may be confidently predicted, would principally consist of busy and officious political partisans.

Such would be the depositaries—acting, not under the public eye, but under the protecting mystery of a sort of concealment and secrecy deemed indispensable in banking operations—to whom not only the whole Treasury of the Union would be confided, to be squandered, perhaps, in profligate favoritism, but the tremendous power of putting the whole property of the nation under mortgage, for the redemption of the bills issued at their discretion. To say nothing of the utter insecurity of the public revenues under such a system, a new species of legislative power, unknown to the constitution, would be committed to these irresponsible bank directors, of which no human sagacity can predict the consequences.

A just analysis of the operation of granting loans by this Government bank in exchange for the notes of private individuals, will show that it involves the exercise, on the part of the directors, of the twofold power of appropriating the public revenue in the most dangerous of all forms—discretionary loans—and of pledging the responsibility of the Government, to an unlimited extent, for the payment of the debts at the same time created against it. These are among the highest functions of legislative power, and

have been expressly and exclusively vested in Congress. Unless, therefore, it be assumed that Congress may rightfully transfer the powers with which it is invested to these bank directors, it will be difficult to find any warrant, either in the letter or spirit of the constitution, for the creation of this tremendous engine of pecuniary influence. It may, indeed, be doubted whether all the branches of the legislative authority united have any constitutional power to lend the public revenue, either to individuals, corporations, or States, without reference to the objects to which it shall be applied. But, whatever may be the power of Congress on this subject, it appears to the committee to be inexpedient, in every view of the question, that the Government should be converted into a great money lender. There is no species of trade in which it would be wise for the Government to embark; but of all the variety of pursuits known to human enterprise, that of lending money by the Government to the citizens of the country, would be fraught with the most pernicious consequences.

In the first place, it is a business to which, in the very nature of things, no Government is adapted, and, least of all, a popular Government. There is no employment of capital that requires a more vigilant and skilful superintendence. Nothing but the ever active motive of individual interest can supply the watchfulness necessary to secure a banking institution against the grossest frauds and impositions. In pecuniary transactions, few men are to be found who will serve others, in cases involving the exercise of discretionary power, with the same fidelity that they would serve themselves; and, when we consider the strong motives, both of private friendship and political attachment, which would operate on the directors of a Government bank, to bestow its favors without impartiality or prudence, it requires but little sagacity to foresee that enormous losses would be annually sustained by the insolvency of the Government debtors.

All Governments have found it expedient to place the public Treasury under the guardianship of a high and confidential officer, aided, in the enforcement of a rigid responsibility, by a system of checks and counterchecks, operating upon all the subordinate officers concerned in collecting and disbursing the public revenue. Such is our own system. No discretion is vested in the chief officer of the Treasury, much less in those that are subordinate, in the appropriation of a single dollar of the public money. "No money can be drawn from the Treasury, but in consequence of appropriations made by law." How far these wise and provident safeguards, and this constitutional barrier, would be prostrated by placing not only the public revenue, but the public credit, at the disposal of some hundreds of bank directors in various parts of the Union, is a very grave question for the consideration of the House.

Our own experience has demonstrated the great danger of having large masses of the community indebted to the Government. It was a deep conviction of this danger that induced Congress to abolish the system of credit sales in the disposition of the public lands. Congress has been compelled to yield to the pressing importunities of the purchasers of these lands, by granting them not only repeated indulgencies, but by remitting some millions of the debt. What, then, would be the situation of the Government, with a debt of fifty millions diffused throughout the country, and due to it from the most active, enterprising, and influential classes of the community? Nothing that has not happened can be more certain, than that every unfavorable vicissitude in trade, every period of commercial distress and embarrassment,

would give rise to importunate and clamorous calls for indulgence, and for an injudicious extension of discounts, which no administration would have the firmness to resist. Every one who has witnessed the urgency and unanimity with which the representatives of the States indebted for public lands have pressed the claims of their citizens for indulgence and remission, must be satisfied, that, if the citizens of all the States should become indebted much more largely for bank loans, the Government would have scarcely any faculty of resistance, when appeals for indulgence should come from all quarters of the Union, sustained by the strong plea of public distress and embarrassment.

The policy of extending indulgence to the public debtors, and of granting more liberal loans to the community, would, in the natural course of things, become the favorite theme of those who aspired to popular favor. Political parties would come to be divided upon the question of observing towards the public debtors a strict banking policy, indispensable to the maintenance of specie payments, on the one hand, or a liberal Government policy, necessarily involving a suspension of specie payments, on the other. And when it is considered that the whole class of debtors, always the most numerous and active portion of the community, would be naturally in favor of increasing bank issues, and extending bank indulgences, it can scarcely be doubted that specie payments would be suspended in the first great pecuniary exigency, growing out of embarrassments in our commerce, or deficiencies in our revenue.

The Government, therefore, which is under the most sacred obligations to constrain all the banks to maintain specie payments, with a view to the uniformity and soundness of the currency, would, by its own example, perpetuate the great national evil of a fluctuating and depreciating circulating medium.

These evils, which would be so highly probable in time of peace, would be almost certain in the event of war. The temptation to supply the Federal Treasury by the easy process of bank issues, rather than resort to the unpopular process of internal taxation, would be too fascinating to be resisted. We should thus experience, what every nation has experienced in like circumstances, the manifold evils of a mere paper currency, having no relation to any standard of intrinsic value. In these views the committee are fully sustained by the opinion of Mr. Lowndes, expressed in 1819. These are his words: "That the destruction of the [United States'] Bank would be followed by the establishment of paper money, he firmly believed; he might almost say, he knew. It was an extremity from which the House would recoil, if now proposed; but if the resolution on the table were passed, it would very soon be proposed. The subject was too large for an incidental discussion. Gentlemen thought the amount of Government paper might be limited, and depreciation prevented, by the rate of interest which should be exacted. Inadequate every where, the security was particularly ineffectual in the United States."

But the inevitable tendency of a Government bank to involve the country in a paper system, is not, in the opinion of the committee, the greatest objection to it. The powerful, and, in the hands of a bad administration, the irresistible and corrupting influence which it would exercise over the elections of the country, constitutes an objection more imposing than all others united. No matter by what means an administration might get into power, with such a tremendous engine in their hands, it would be almost impossible to displace them without some miraculous interposition of Providence.

Deeply impressed with the conviction that the weak point of a free Government is the absorbing tendency of Executive patronage, and sincerely believing that the proposed bank would invest that branch of the Government with a weight of moneyed influence more dangerous in its character, and more powerful in its operation, than the entire mass of its present patronage, the committee have felt that they were imperiously called upon, by the highest considerations of public duty, to express the views they have presented, with a frankness and freedom demanded by the occasion. It is, at the same time, due to their own feelings, that they should state unequivocally their conviction, that the suggestion of the Chief Magistrate, which they have thus freely examined, proceeded from motives of the most disinterested patriotism, and was exclusively designed to promote the welfare of the country. This is not the mere formal and heartless homage, sometimes offered up to official station, either from courtesy or interest, but a tribute which is eminently due, and cheerfully rendered, to the exalted character of the distinguished individual on whom it is bestowed.

Extract of a letter from an intelligent merchant in Charleston, South Carolina, to the Chairman of the Committee of Ways and Means, illustrating the exchange operations of the Bank of the United States.

“This effect of diminishing the vast difference of exchange between the various points of the country, was evidently produced by the bank. The advantages produced by this institution in the intercourse between the western and Atlantic States, can be duly appreciated only by one who sees passing before him the actual operation of the system of exchange it has created. For example, Lexington, in Kentucky, annually accumulates a large surplus of funds to her credit in Charleston, derived from the sale of horses, hogs, and other live stock, driven to that as well as to other southern markets by her citizens. Philadelphia is indebted to Charleston for exchange remitted, dividends on bank stock, &c. and Lexington is indebted to Philadelphia for merchandise. Without the transportation of a single piece of coin, Lexington draws on Charleston, and remits the check to Philadelphia in payment of her debt there, which operation adjusts the balance between the three points of the triangle almost without expense or trouble. Could such facilities be obtained from any other than an institution having branches in different parts of the Union, acting as copartners in one concern? Local banks, whatever might be their willingness, could not accommodate in the same manner and to a like extent.” * * * *

“The discounting of bills on the low terms established by the Branch Bank at this place, is a great benefit to the agricultural interest, particularly in enhancing the price of cotton and rice; and were the bank to stop its operations, there is no saying how far these staples would be depressed. The private dealers in exchange would take the place of the bank in that business, and their profits on bills would be taken out of the pockets of the planters, as the merchants would always regulate the price they would give for an agricultural production, by the high or low rate at which they could negotiate their bills. On account of its connexion with all parts of the Union, the bank affords this important advantage to the public: it is always a purchaser and always a seller of exchange at fixed and low rates, and thus pre-

vents extortion by private dealers.” * * * * * “Before this bank went into operation, exchange was from 8 to 10 per cent. either for or against Charleston, which was a loss to the planter to that amount on all the produce of Georgia and South Carolina, and indeed you might say, all the produce of the southern and western States.” * * * * *

“If the Bank of the United States were destroyed, the local banks would again issue their paper to an excessive amount; and while a few adventurous speculators would be much benefited by such an issue, the honest and unsuspecting citizens of our country would, finally, be the losers. If we look back to what took place in New York, Pennsylvania, the western States, and even in our own State, we shall see the grossest impositions committed by banks, commencing with a few thousand dollars in specie, buying up newspapers to puff them as specie-paying banks, in order to delude the public, and, after getting their bills in circulation, blowing up, and leaving the unsuspecting planter and farmer victims of a fraud, by which they were deprived of the hard earnings of years of honest industry. But, sir, I believe the bank owes a great deal of the opposition which exists, and has existed, to the fact that it has put down these fraudulent institutions, got up by combinations and conspiracies of speculators; and who, after receiving large dividends, managed to destroy the credit of their own paper, and, by the agency of brokers, bought it up at half its nominal value.

“Since I last wrote you, I had a conversation with a gentleman in the confidence of some of the moneyed men of the North; and he says they are determined to break up the United States’ Bank, to enable them to use their money to advantage, as that institution gives so many facilities to the community, as to deprive them of their former profits.” * * * * *

“There is another consideration: the distress would be immense, which a refusal to renew the charter would produce among those who are indebted to the institution: for I find that to this branch the planters owe upwards of a million of dollars, and, I have no hesitation in saying, as safe a debt as is owing to any bank in the Union. But if the bank should wind up its affairs, these planters could not get credit from other institutions; and as the bank can sue in the United States’ court, where judgment is obtained almost at once, property would be greatly depressed, and moneyed men would buy it up for half its value. Throughout the Union, all classes would suffer, except those who should hold up their money to go into the brokerage business, or buy property at a sacrifice. If I were sure the bank would not be rechartered, I would convert my property into money, with a view of dealing in exchange. I could make a vast fortune by it.”

PRICES CURRENT, exhibiting a comparative view of the relative value of Bank Notes in 1816 and in 1829, at various places.

	Boston.		New York.		Philadelphia.		Baltimore.		Washington.		Richmond.		Norfolk.	
	1816, July 1.	1829, Dec. 5.	1816, July 1.	1829, Dec. 5.	1816, July 1.	1829, Dec. 5.	1816, July 1.	1829, Dec. 5.	1816, July 1.	1829, Dec. 5.	1816, July 1.	1829, Dec. 5.	1816, July 1.	1829, Dec. 5.
Spanish Dollars	par	-	-	-	18½ adv.	par a ¼ ad.	18 adv.	-	20 a 22 ad.	par	-	-	9 a 10 ad.	par
American " "	par	par	-	-	17 "	par	-	-	do	par	-	-	do	par
old " "	-	-	-	-	17 "	4½ adv.	-	-	-	-	-	-	-	-
Boston Notes	-	-	7 adv.	par	17 "	par	12 a 14 ad.	-	20 a 22 ad.	½ dis.	-	-	8 adv.	par
New York " "	7½ a 8 dis	½ dis. a par	-	-	9½ "	par	8½ a 9 ad.	-	15 a 16 ad.	par	-	-	5 adv.	par
Philadelphia " "	17 a 18 dis	do	17 dis.	par	-	-	2½ ad.	-	6 a 7 ad.	par	-	-	4 dis.	par
Pennsylv'a " "	-	-	-	-	11 dis.	par	-	-	do	par	-	-	7 a 9 dis.	par
Baltimore " "	19½ a 20 "	½ dis. a par	20 a 21 dis.	½ dis a par	4½ dis.	par	-	-	2 ad.	par	-	-	-	par
Maryland " "	-	-	-	-	10 "	¾ disc.	-	-	-	-	-	-	-	par
Virginia " "	-	-	13 dis.	1 dis.	4 adv.	½ a ¾ dis.	7½ ad.	-	par	par	-	-	-	-
Dis. Colum. " "	-	-	21 a 22 dis.	½ dis a par	7 dis.	¾ "	-	-	-	-	-	-	9 a 10 dis.	1 dis.
Carolina " "	-	-	13 dis.	1 dis.	4 adv.	2½ "	-	-	par a 3 dis.	par a 1 dis.	-	-	5 dis.	1 a 1½ dis
Carolina " "	-	-	10 a 12 dis	1 dis.	6½ "	1½ "	7 a 8½ ad.	-	do	do	-	-	2 a 2½ dis.	do
Georgia " "	-	-	do	1 dis.	-	-	do	-	-	-	-	-	do	do

[illegible]

RATES OF EXCHANGE at which Draughts are sold, and Domestic Bills purchased or collected, by the Bank of the United States and its Offices of Discount and Deposit.

	Bank United States.		Portland.		Portsmouth.		Boston.		Providence.		Hartford.	
	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.
At Bank of the United States	-	-	par $a \frac{1}{2}$	par	par $a \frac{1}{4}$	par	par $a \frac{1}{4}$	par	par $a \frac{1}{4}$	par	par $a \frac{1}{4}$	par
Office, Portland	par	par	-	-	-	-	par	par	-	par	-	par
Portsmouth	par	par	-	par	-	-	par	par	-	par	-	par
Boston	par	par	-	par	-	par	-	par	-	par	-	par
Providence	par	par	-	-	-	-	par	-	-	-	-	par
Hartford	par	par	-	-	-	1	par	par	-	par	-	par
New York	par	par	-	par	par	-	par	par	par	par	par	par
Baltimore	par	par	par	-	-	-	par	par	-	par	-	par
Washington	par	par	-	par	-	-	par	par	-	par	-	par
Richmond	par	par	1	-	1	par	-	par	-	par	-	par
Norfolk	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par
Fayetteville	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par
Charleston	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	par
Savannah	par $a \frac{1}{2}$	$\frac{1}{4}$	par $a \frac{1}{2}$	$\frac{1}{4}$	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	$\frac{1}{4}$	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Mobile	par $a \frac{1}{2}$	$\frac{1}{2}$	-	-	-	-	par $a \frac{1}{2}$	$\frac{1}{2}$	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
New Orleans	par $a \frac{1}{2}$	$\frac{1}{2}$	-	1	-	1	par $a \frac{1}{2}$	1	par $a \frac{1}{2}$	1	par $a \frac{1}{2}$	-
St. Louis	par $a \frac{1}{2}$	-	-	-	-	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Nashville	par $a \frac{1}{2}$	$\frac{1}{4}$	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Louisville	par $a \frac{1}{2}$	$\frac{1}{2}$	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Lexington	par $a \frac{1}{2}$	par	$\frac{3}{4}$	1	$\frac{3}{4}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Cincinnati	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Pittsburg	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Buffalo	par $a \frac{1}{2}$	par	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-

	New York.		Baltimore.		Washington.		Richmond.		Norfolk.		Fayetteville.	
	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.
At Bank of the U. States	par a ½	par	par	par a ½	par	par a ½	par	½	par	½	par	1
Office, Portland	par	par	-	par	-	par	-	½	-	-	-	-
Portsmouth	par	par	-	par	-	par	-	½	-	-	-	-
Boston	par	par	-	par	-	par	-	½	-	-	-	-
Providence	par	par	-	par	-	par	-	1	-	-	-	-
Hartford	par	par	-	par	-	par	-	½	-	-	-	-
New York	-	par	-	par	-	par	-	½	-	-	-	-
Baltimore	par	-	par	-	par	-	par	par	par	par	par	-
Washington	par	par	par a ½	par	par	par	par	par	par	par	par	-
Richmond	par a ½	par	par a ½	-	par a ½	-	par	par	par	par	par	-
Norfolk	par a ½	par	par a ½	par	par a ½	-	par	par	par	par	par	-
Fayetteville	par a ½	par	par a ½	par	par a ½	-	par	par	par	par	par	-
Charleston	par a ½	par	par a ½	par	par a ½	-	par	par	par	par	par	-
Savannah	-	½	-	½	-	½	-	-	-	-	-	-
Mobile	par a ½	1 ½	par a ½	1 ½	par a ½	1 ½	par	-	par a ½	-	par a ½	-
New Orleans	par a ½	1	par a ½	1	par	1	1	1	par a ½	-	par a ½	-
St. Louis	-	½	par a ½	½	-	½	par a ½	-	par a ½	-	par a ½	-
Nashville	par a ½	½	par a ½	-	par a ½	-	par a ½	-	par a ½	-	par a ½	-
Louisville	par a ½	½	par a ½	-	par a ½	-	par a ½	-	par a ½	-	par a ½	-
Lexington	½	par	½	1 ½	½	1	½	1	½	-	½	-
Cincinnati	1	1	par a ½	1	par a ½	-	par a ½	-	par a ½	-	par a ½	-
Pittsburg	par a ½	-	par a ½	-	par a ½	-	par a ½	-	par a ½	-	par a ½	-
Buffalo	par a ½	par	par a ½	-	par a ½	-	par a ½	-	par a ½	-	par a ½	-

APPENDIX No. 2—Continued.

	Charleston.		Savannah.		Mobile.		New Orleans.		St. Louis.		Nashville.	
	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.	Draughts sold.	Bills purchased.
At Bank United States	par $a \frac{1}{2}$	$\frac{3}{4}$	$\frac{3}{4}$	1	1	1	1	1	par	1	par	$\frac{3}{4}$
Office, Portland	-	-	-	-	-	-	-	$\frac{1}{2}$	-	-	-	-
Portsmouth	-	-	-	1	-	-	-	1	-	-	-	1
Boston	-	1	-	1	-	1	-	1	-	-	-	$\frac{3}{4}$
Providence	-	1	-	1	-	1	-	1	-	-	-	1
Hartford	-	1	-	-	-	-	-	-	-	-	-	$\frac{3}{4}$
New York	par $a \frac{1}{2}$	-	-	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1	-	-	-	1
Baltimore	-	1	-	1	-	-	-	1	-	-	-	$\frac{3}{4}$
Washington	par	-	par	-	par	-	par	1	par	-	par	1
Richmond	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	-	-	-	1	-	-	-	-
Norfolk	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	1	-	-	-	-	-	-	-	-
Fayetteville	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	-	-	-	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	1
Charleston	-	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
Savannah	-	-	par $a \frac{1}{2}$	-	-	-	-	-	-	-	-	-
Mobile	par $a \frac{1}{2}$	-	-	-	-	-	par $a \frac{1}{2}$	$\frac{1}{2}$	-	-	par $a \frac{1}{2}$	$\frac{3}{4}$
New Orleans	1	-	-	-	-	1	-	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-
St. Louis	-	-	-	-	-	-	-	-	-	-	-	-
Nashville	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	$\frac{1}{2}$	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	1
Louisville	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	1	par $a \frac{1}{2}$	-	par $a \frac{1}{2}$	$\frac{1}{2}$
Lexington	$\frac{3}{4}$	-	$\frac{3}{4}$	1	$\frac{3}{4}$	-	$\frac{3}{4}$	1	$\frac{3}{4}$	-	$\frac{3}{4}$	1
Cincinnati	-	-	-	-	-	-	-	1	-	-	-	1
Pittsburg	-	-	-	-	-	-	par $a \frac{1}{2}$	1	par	-	par	1
Buffalo	-	-	-	-	-	-	$\frac{1}{2}$	1	-	-	-	-

[illegible]

APPENDIX No. 3.

LIST of transfers directed by the Secretary of the Treasury from and to Bank United States and offices, from 6th June to 14th Dec., 1929.

No.	Date.	Where from.	Where to.	Amount
1	June 8, 1829	New York - -	Washington - -	100,000
2	" "	Bank United States - -	Ditto - -	50,000
3	" "	New York - -	Ditto - -	150,000
		Ditto - -	Bank United States - -	1,865,000
		New Orleans - -	Ditto - -	75,000
		Louisville - -	Ditto - -	50,000
		Cincinnati - -	Ditto - -	115,000
		Bank United States - -	Baltimore - -	135,000
		Ditto - -	Norfolk - -	80,000
		Ditto - -	Fayetteville - -	20,000
		Ditto - -	Charleston - -	200,000
		Ditto - -	Savannah - -	15,000
		Ditto - -	Mobile - -	35,000
		Portland - -	Portsmouth - -	20,000
		Ditto - -	Boston - -	90,000
		New York - -	Ditto - -	40,000
		Providence - -	New York - -	140,000
		Hartford - -	Do - -	35,000
		New York - -	Richmond - -	70,000
		Ditto - -	Charleston - -	80,000
		Cincinnati - -	Pittsburg - -	15,000
31	July 8, "	New York - -	Washington - -	100,000
32	Aug. 3, "	Ditto - -	Ditto - -	100,000
33	" "	Baltimore - -	Ditto - -	50,000
	Sept. 1, "	New York - -	Ditto - -	100,000
	" 9, "	Louisville - -	Pittsburgh - -	20,000
	" "	Charleston - -	Fayetteville - -	10,000
	" "	Bank United States - -	Norfolk - -	20,000
	" "	New York - -	Ditto - -	20,000
	" "	Louisville - -	Nashville - -	20,000
44	" 14, "	New York - -	Washington - -	100,000
45	" "	Boston - -	Ditto - -	40,000
47	" 21, "	Charleston - -	Fayetteville - -	20,000
49	Oct. 5, "	New York - -	Norfolk - -	50,000
50	" 12, "	Ditto - -	Washington - -	100,000
51	Nov. 2, "	Bank United States - -	Norfolk - -	50,000
52	" "	New York - -	Washington - -	100,000
53	" "	Boston - -	Ditto - -	50,000
63	" "	Bank United States - -	Norfolk - -	50,000
64	" "	New York - -	Washington - -	100,000
65	" "	Ditto - -	Norfolk - -	50,000
66	" "	Ditto - -	Washington - -	100,000
67	" "	Bank United States - -	Ditto - -	100,000
68	" "	Boston - -	Ditto - -	25,000
69	Dec. 14, 1829	Ditto - -	Bank United States - -	500,000
70	" "	New York - -	Ditto - -	1,000,000
71	" "	New Orleans - -	Ditto - -	400,000
72	" "	Bank United States - -	Baltimore - -	300,000
73	" "	Ditto - -	Charleston - -	50,000
74	" "	Savannah - -	Norfolk - -	50,000
				\$7,055,000

From the above statement, the annual amount of the transfers made for the Government, free of expense, may be inferred.

DISTRIBUTION of Domestic Bills of Exchange, according to the latest statements, up to the 15th March, 1830.

The following Branches:	Have now runni'g to maturity, the fol- lowing amount of bills:	PAYABLE AT						
		Philadelphia.	Portland.	Portsmouth.	Boston.	Providence.	Hartford.	New York.
Philadelphia	911,518 81	-	-	7,500	43,729 62	15,877 60	8,956 09	283,242 83
Portland	33,579 76	4,936 53	-	600	16,343 62	-	-	4,013
Portsmouth	43,073 95	-	-	-	28,659 01	-	-	14,414 94
Boston	712,590 70	94,182 16	5,509 01	3,196 66	-	6,384 40	10,373 44	342,424 15
Providence	210,077 12	60,110 01	1,268 73	-	9,101 91	-	3,382 33	74,552 79
Hartford	47,750 47	1,080	-	-	4,425	2,851 70	6,238 32	31,867 45
New York	521,785 42	95,953 68	4,045 73	2,791 09	50,747 63	23,739 78	15,826 58	-
Baltimore	240,456 34	66,026 11	-	-	21,330 97	936 30	-	48,254 81
Washington	84,379 44	7,182	-	-	3,500	-	-	13,887 12
Richmond	377,539 83	13,535 07	-	2,000	2,550	6,400	432 76	14,163 54
Norfolk	167,165 27	25,041 05	6,163 19	657 56	5,790 52	5,197 01	-	44,826 34
Fayetteville	113,976 92	30,750	-	-	500	-	-	56,638 79
Charleston	513,051 12	14,327 32	5,454 69	1,251 68	202,103 96	15,721 88	1,964	202,262 52
Savannah	251,613 12	18,762 99	-	-	39,959 35	29,800 88	2,000	153,255 72
Mobile	677,526 28	6,610 15	-	-	86,273 69	25,799 79	-	352,582 99
New Orleans	1,303,600 96	55,775 84	881 40	-	297,760 53	24,690 04	-	391,623 45
St. Louis	51,001 04	400	-	-	-	-	-	10,756 06
Nashville	1,789,601 06	6,000	-	10,000	-	-	-	3,220
Louisville	669,966 60	13,104 94	-	-	641 64	-	-	28,200
Lexington	614,710 44	12,572 56	-	-	1,900	3,740	-	40,227 64
Cincinnati	371,988 54	14,261 09	100	-	-	-	-	2,470
Pittsburg	249,264 17	39,934 36	-	-	157	-	-	115,561 75
Buffalo	160,171 15	358 33	-	-	-	-	-	-
	10,116,388 51	580,904 19	23,422 75	27,996 99	815,474 45	161,139 37	49,173 52	2,228,445 89

PAYABLE AT

The following
Branches:

	Baltimore.	Washington.	Richmond.	Norfolk.	Fayetteville.	Charleston.	Savannah.	Mobile.	New Orleans.
- Philadelphia	103,731 52	37,652 01	33,688 55	2,873 68	211 78	15,055 31	4,507 19	2,923 27	34,744 99
- Portland	-	3,000	3,286 61	-	-	-	-	-	1,300
- Portsmouth	81,719 97	3,666 37	3,718 71	997 78	-	46,577 45	16,152 29	7,142 17	42,474 22
- Boston	34,527 26	400	-	-	375	13,042 27	7,404 02	400	2,895 03
- Providence	-	1,000	-	-	-	-	-	-	-
- Hartford	51,552 48	5,160 41	2,785 71	1,173 90	1,661 18	16,268 04	21,209 50	26,210 21	105,074 56
- New York	-	25,496 56	6,699 73	6,420 98	-	365 96	3,012 38	-	-
- Baltimore	35,154 86	-	-	-	-	1,000	-	-	14,405 46
- Washington	12,715 88	6,944 46	-	39,737 88	16,119 39	58,833 27	43,765 01	56,445 25	26,575
- Richmond	5,066 80	7,000	19,573 65	26,649 08	1,872 76	2,144 90	1,762 06	-	2,000
- Norfolk	-	2,000	-	455	-	-	-	-	3,200
- Fayetteville	33,469 87	2,034 63	1,465 26	3,165 52	-	-	5,679 60	-	24,150 20
- Charleston	1,124 50	3,399 68	-	850	-	1,960	-	-	500
- Savannah	26,323 11	500	-	-	-	-	-	-	173,157 34
- Mobile	60,339 21	2,771 25	53,409 18	-	-	6,300	-	133,572 01	-
- New Orleans	4,080	250	-	-	-	-	-	-	8,775
- St. Louis	-	1,050	-	-	-	-	-	-	1,748,937 81
- Nashville	8,550	9,617 13	-	-	-	-	-	11,788 50	416,939 93
- Louisville	5,500	8,838 33	14,957 84	-	-	23,202 50	700	9,745 72	297,390 45
- Lexington	47,700	180	-	-	-	-	14,200	100	97,755 92
- Cincinnati	10,052 73	4,837 50	-	-	-	-	2,768	13,628 74	8,106 82
- Pittsburgh	-	-	-	-	-	-	-	-	-
- Buffalo	-	-	-	-	-	-	-	-	-
-	521,608 19	125,798 33	139,582 24	82,323 82	20,240 11	184,749 70	121,160 05	261,955 87	3,008,382 73

PAYABLE AT

The following Branches:

	St. Louis.	Nashville.	Louisville.	Lexington.	Cincinnati.	Pittsburgh.	Buffalo.	Various other places.
Philadelphia,	15,733 38	50,726 05	122,201 22	15,172 05	74,397 22	25,006 52	-	13,550 93
Portland,	-	-	-	-	-	-	-	100 00
Portsmouth,	-	-	27,131 98	-	19,524 90	571 87	-	843 17
Boston, -	-	203 00	-	-	-	-	-	2,414 77
Providence,	288 00	-	-	-	-	-	-	-
Hartford,	-	-	-	-	-	-	-	-
New York,	2,041 41	29,209 24	10,853 11	402 12	30,451 98	1,684 73	4,157 77	18,784 58
Baltimore,	13,221 59	7,235 05	6,199 34	-	16,679 73	18,454 88	-	121 95
Washington,	-	550 00	1,600 00	950 00	-	500 00	-	650 00
Richmond,	4,810 76	13,645 37	4,056 61	963 88	30,734 85	796 09	-	22,254 76
Norfolk,	-	-	-	-	-	-	-	13,420 35
Fayetteville,	-	-	-	-	-	-	-	20,433 13
Charleston,	-	-	-	-	-	-	-	-
Savannah,	-	-	-	-	-	-	-	-
Mobile, -	-	-	-	-	-	-	-	6,279 21
New Orleans,	4,486 47	62,886 36	125,425 22	2,815 50	12,605 85	9,436 90	-	58,821 75
St. Louis,	-	-	19,417 99	-	4,650 00	2,671 99	-	-
Nashville,	-	-	2,950 30	2,375 38	4,553 65	1,945 42	-	-
Louisville,	14,331 79	79,179 65	-	13,948 14	18,728 35	36,738 16	-	44,521 15
Lexington,	1,000 00	36,743 39	101,652 81	-	27,045 20	800 00	-	40,697 36
Cincinnati,	11,648 57	24,027 83	66,814 24	596 71	-	26,544 53	-	21,995 27
Pittsburgh,	7,452 12	31,277 67	49,149 70	467 38	65,926 81	-	-	29,372 08
Buffalo,	-	-	-	-	-	-	-	44,251 07
	\$75,054 09	\$340,683 61	\$537,452 52	\$37,691 16	\$305,418 54	\$125,151 09	\$4,157 77	\$338,421 53

STATE OF THE BANK OF THE UNITED STATES,

APRIL 1, 1830.

Notes discounted	-	-	-	-	-	\$32,138,270	89
Domestic bills discounted	-	-	-	-	-	10,506,882	54
Funded debt held by the bank	-	-	-	-	-	11,122,530	90
Real estate	-	-	-	-	-	2,891,890	75
Funds in Europe, equal to specie	-	-	-	-	-	2,789,498	54
Specie	-	-	-	-	-	9,043,748	97
Public deposits	-	-	-	-	-	8,905,501	87
Private deposits	-	-	-	-	-	7,704,256	87
Circulation	-	-	-	-	-	*16,083,894	00

* This is the circulation from the office returns. We know, however, that a part of it is received at other offices, and is in passage from one to the other. So that the nett circulation is \$14,176,927.

RENEW CHARTER BANK UNITED STATES.

FEBRUARY 9, 1832.

VIEWS OF THE MINORITY.

The undersigned, differing from the majority of the Committee of Ways and Means, in their report of a bill to renew the charter of the Bank of the United States, ask leave to submit the views which they entertain upon a subject of so much importance to the general interests of the American people.

The question of establishing a National Bank has been, from the commencement of the Government down to the present time, deemed, by many of the wisest and best of men, an unconstitutional exercise of power, and of extremely doubtful policy.

We cannot concede the principle that the constitution of the country should change with the change of political parties, when clearly understood; nor be broken down by the array of legal decisions, and the names of great men, whose opinions may vary, from time to time, according to circumstances. It was designed for a far nobler purpose—a safeguard and guarantee of rights on the part of the weak, against the oppressions of the strong.

In this point of view, we have looked upon it as an instrument of delegated powers only, conferring nothing more than what is expressly granted upon its face, or clearly necessary to carry into effect any one of the specified powers. According to this rule, which, it is believed, all parties concur in admitting to be the true one of construction, we propose to test the establishment of a National Bank.

We find, soon after the Government went into operation, the question came up for decision, and may be said to have formed the first line of distinction between the two great political parties at that day, usually denominated federal and republican. And, although President Washington signed the first bill chartering the Bank of the United States, it was under such circumstances as by no means to claim for it a clear authority, settling the constitutional difficulty.

After the subject had been debated in both Houses of Congress, it was a matter of grave deliberation with the then cabinet; so much so, that the President was brought to pause: and not till the last moment allowed by the constitution for the approval, did he give it his official sanction. It is well known, at that day, that his cabinet was equally divided upon the question—Mr. Jefferson and Mr. Randolph opposing it upon constitutional grounds, and Mr. Hamilton and Mr. Knox supporting the power. In this state of things do we find him signing the charter, which perhaps he should have done, according to the rule suggested by Mr. Jefferson, “that unless the

President's mind, on a view of every thing which is urged for and against this bill, is tolerably clear that it is unauthorized by the constitution; if the pro and con hang so even as to balance his judgment; a just respect for the wisdom of the legislature would naturally decide the balance in favor of their opinion. It is chiefly for cases where they are clearly misled by error, ambition, or interest, that the constitution has placed a check in the negative of the President." The opinion of Mr. Jefferson upon this leading measure of the then dominant party in Congress, expresses so fully our views on the constitutional point, that it is herewith appended, and made a part of this report. In confirmation of the principles therein contained, and which we believe governed the republican party in those times, who awfully feared that construction and implication would do away the restraints which the constitution had imposed upon Congress, (and, there is too much reason to think, has of late been the case,) we see Mr. Madison then standing by the side of Mr. Jefferson, the foremost and boldest in debate in the House of Representatives, denouncing the incorporation of the bank, in the following strong, emphatic terms: "That it was condemned by the silence of the constitution; condemned by the rule of interpretation arising out of the constitution; condemned by its tendency to destroy the main characteristic of the constitution; condemned by the exposition of the friends of the constitution, whilst depending before the public; condemned by the apparent intention of the parties which ratified the constitution; condemned by the explanatory amendments proposed by Congress themselves, to the constitution; and he hoped it would receive its final condemnation by the vote of the House."

If it be claimed for the decision of this question at that day, that it was made by the patriots of the revolution, and the sages of the federal convention, with Washington at their head, something is also due to the opinion of those, who, differing from them, were equally patriots of the revolution, and members of the federal convention; the latter believing that the constitution was a grant of specific powers, saw at once this fatal admission, depending upon construction altogether, would lead to others still more dangerous, and finally end in consolidation, or a government unlimited as the Parliament of Great Britain. The tendency seemed to be, to give that form and structure to the Federal Government in a course of legislation, which had failed to be adopted in convention, and this they most fearfully apprehended; not without cause, for we find the alien and sedition laws were afterwards passed, deriving their existence from the same power of implication, so justly condemned by the American people as acts of usurpation, as to have resulted in the election of Mr. Jefferson. Fortunately for the country, these were acts affecting the rights of person and the liberty of speech and of the press, in which were seen more clearly the injustice and oppression than the bank charter, which indirectly operated upon them to an injurious extent, under the specious pretence of dispensing benefits.

Accordingly, in 1811, when the bank came forward for a renewal of its charter, the same party which brought Mr. Jefferson into the administration, and continued Mr. Madison, was found opposing the application upon the very same grounds taken in 1791, which resulted in its rejection.

The war immediately following, the Government was enabled to prosecute it to a successful issue without the aid of the bank, under the most disadvantageous circumstances, being illy prepared for such a contest, and against the united strength of the opposition, who had recently been

facilities to the Government in carrying on the operations of the war, may be granted, without giving any weight to the argument in the absence of a power authorizing its establishment. It is believed, however, like the rest of the banks, it would have been compelled to have suspended specie payments; and been found inadequate towards reducing the rate of exchange, or correcting the then depreciated state of the currency. If after so short a period, when going into operation in the year 1818, with eight millions and upwards of Government deposits, the bank was almost reduced to the necessity of stopping specie payments; how can it be expected to stand the shock of a general depreciation of currency, which a state of war must always bring upon the country? The nation itself, with all its resources, was unable to escape the calamity, and its credit was reduced much lower than many of these local institutions.

Such appears to have been the history of the bank up to the period of 1816, when it was last chartered, and the particular circumstances of the times operating upon it whenever brought to the consideration of Congress; and although the Supreme Court of the United States has since decided in favor of its constitutionality, it is an authority resting entirely upon the principles of 1791, which first brought it into existence, but afterwards repudiated; and is, therefore, entitled to that weight alone which reason and argument can furnish. We are not responsible for the change of opinion in men upon questions of great political importance, leaving the decision at all times to their conscience and their country. But we do not recognise any precedent, either legislative or judicial, as settling what we conceive to be a fundamental principle, nowhere found in the constitution itself, nor fairly deducible from it by any legitimate rule of interpretation.

It is a fact worthy of remark, that at every period when the question arose for chartering a Bank of the United States, it was after the country had experienced all the evils of a depreciated currency, and was just returning to a wholesome circulation. The continental paper money brought into existence the North American Bank; the funding system and the assumption act, that of the first Bank of the United States, and the depreciated paper money at the close of the late war, the present institution.

Like causes will always produce like effects; and what has occurred to the Bank of England may be considered as applicable to any Bank of the United States, under similar circumstances. In 1797, a run was made upon the Bank of England. It applied to Government, its greatest creditor, for relief. Mr. Pitt had no money, but gave an order restricting the bank from paying its notes in gold. This order was extended six months after a general peace, and continued a quarter of a century afterwards.

From the general derangement of the circulating medium, during the war, and the low state to which the credit of the Government had sunk, the expedient was again resorted to, upon the recommendation of the Secretary of the Treasury, of establishing a national bank, which, after passing both branches of the Legislature, was returned by Mr. Madison, with his objections. It was renewed in 1816, after peace, and received his sanction.

The condition of the currency at that time, and the great losses sustained by the Treasury in the collection of the revenue, it is believed, induced many to surrender up opinions previously entertained in regard to the establishment of a national bank, to the supposed necessity of the case, and public opinion. The danger was, however, over, and these evils would

ing their accustomed channels. The great credit that is attributed to the United States' Bank in causing specie payments to be restored by the local institutions, is by no means merited to the extent generally claimed for it. The arrangement of the banks in the several States of the Union, with this view, at a stated period shortly after peace, together with the compulsory process of some of the States, aided by the joint resolution of the two Houses of Congress instructing the Secretary of the Treasury to receive only the notes of specie-paying banks for all debts to the Government, brought about this result even before the United States' Bank was fairly in operation. This, it is at all times competent for the officer of the Treasury to do, by refusing, in the collection of the revenue, the notes of all banks failing to pay specie; which would prove as salutary a check against excessive issues as any supposed agency of the bank, and is the only rightful control which the Government should exercise over such local institutions of the States. To say that you can, by the application of a principle in this way, restrain *their power*, is to say that you can *destroy them altogether*. We have seen the President of the Bank, upon the interrogatory put to him, "Has the bank, at any time, oppressed any of the State banks?" after answering negatively, affirming the fact, that "*there are very few banks which might not have been destroyed by an exertion of the power of the bank.*"

We do not mean to go into all the reasoning, which, at different times and in different places, has been employed to disprove arguments founded on implication in favor of the constitutionality of the bank. This has been so often done, and is so well understood, that it will be merely sufficient to state the positions, and leave the deductions to be drawn out by the investigating mind.

It is admitted by all parties, that the constitution is not only a grant of *enumerated*, but *limited* powers, to a certain extent; that nothing is conferred, but what is expressly given, or clearly necessary to the execution of a given power. With this view, and to satisfy those who opposed the ratification upon the ground that all power would be assumed, unless further restrained, was the tenth amendment adopted, which declares, "the powers not delegated to the United States by the constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

It is not pretended by any one to affirm that there is a distinct, substantive power in the constitution to create a corporation, or to establish a bank with corporate powers; yet it is claimed as one of the *necessary* means to effectuate a given purpose in the constitution. We are naturally led to inquire, in the first place, what is the *end* to be accomplished, in order to determine whether the *means* are appropriate? It is said you have the power to raise and collect taxes; to borrow money; to regulate commerce; to declare war; to coin money, and regulate the value thereof. We admit that these are all specific grants of power, but should like to know upon which of them it is intended, at this time, to locate the bank? It was very happily and forcibly said by a Senator, in debate upon this question in 1811, (Mr. Clay,) that "this vagrant power to erect a bank, after having wandered throughout the whole constitution in quest of some congenial spot to fasten upon, has been at length located by the gentleman from Georgia, (Mr. Crawford) on that provision to lay and collect taxes."

It cannot be necessary now to raise money by taxation; nor to borrow,

to individual enterprise, will regulate itself without any such agency, under the rules which have been prescribed by law; nor to declare war and raise armies; and we humbly conceive, it is not necessary to the power to coin money, and regulate the value thereof. The question to be determined by every rational mind, is, whether the bank can be considered, in the common acceptation of the words, "*necessary and proper*," as an adjunct to carry into effect any of the above objects. Not that it is more convenient, more useful, or more needful than another which is ordinarily adopted. A corporation is said to be one of the lowest attributes appertaining to sovereignty, and classed among the incidents of a power. We think it of a much higher order, originating from the very source of sovereignty itself, and must be considered as a distinct, substantive power, and not one of the attributes belonging to every power. It resides in the King of England, although not exclusively. The sovereignty here belongs to the people, except that portion of it which they have transferred to the Federal Government. Corporations are viewed with distrust by all governments, and properly denominated in law, as bodies without souls. They are invested with exclusive privileges beyond the rest of society, permitted to hold property in mortmain, and may be so constituted as to change the course of descents in the several States, so far as their corporate character is concerned; and so protected with the panoply of the legislature and the judiciary, that their rights are held inviolable, and not to be reached by law without their consent. It is all this, and even more: and yet we are told that it is the mere incident—the *necessary* mean to carry into effect one of the principal powers.

Let us trace the extent to which this doctrine leads, and see if it be not subversive of every limitation placed upon Congress by the grant of delegated powers.

You have the power to regulate commerce. According to the opinion of some, that authorizes you to protect manufactures; the best *mean*, that is, the *necessary and proper* mean, is an act of incorporation, therefore, it is constitutional to protect manufactures by an act of incorporation; and every such company now in the United States may, with equal propriety, apply to Congress for an act of incorporation, as the stockholders of the bank, who, to a certain extent, are nothing but traders and dealers in paper money independent of the fiscal operations of the Government. Again: it may be considered, in the wisdom of our legislation, that Congress has power to colonize the free people of color: certainly the most *necessary*, the most *convenient*, and *proper* way, would be to incorporate at once the Colonization Society, and vest your funds there, which could be better managed for the purpose. What is there to prevent Congress from incorporating every internal improvement company, and becoming part stock owner, holding out, as it does, a more *convenient, responsible, and economical mean* in the disbursement of public moneys, than any which has heretofore been used? Why, nothing, but to raise this power from an incident, where it has been placed by the Supreme Court in the decision of the bank, in the case of *McCulloch* against the State of Maryland, and consider it as a principal which there is strong reason to believe was intended by the framers of the constitution excluding it from the instrument. Even as a mean, we think it a strained construction to erect a corporation, to execute any one of the enumerated powers which can be carried on without it, though perhaps not quite so well.

It is laid down in the report of the Committee of Ways and Means upon

this subject, made in 1830, that, "if Congress, under the authority to pass *all laws* necessary and proper for carrying into effect the powers vested in all or any of the departments of the Government, may rightfully pass a law inflicting the punishment of death, *without any other authority*, it is difficult to conceive why it may not pass a law, under the same authority, for the more humble purpose of creating a corporation." Now let us see how the parallel runs: In the first place there should be a fitness, a due relationship, between the power and the incident to justify it. It has been likened to the power "to establish post offices and post roads," by which you undertake to pass a law punishing, with death or imprisonment, the robbing or stopping of the United States' mail. Every one must see that your law establishing post offices and post roads would fail to be executed without a power to punish for its violation; and no one has ever denied but what it was a *necessary and proper* mean to execute the end. But not so to collect and disburse the revenue, to borrow money, &c., because all these can be done through the simple agency of your Treasury Department without the aid of the bank. But is the creation of this corporation a "more humble purpose" than the law to protect the Post Office Department from robbers and assassins; which, if it is not stained with as much blood, is marked with as cruel imprisonment against the counterfeiting of its notes, and, in our opinion, *illegal orders*, otherwise called *drafts*; and this brings us to ask, where is the power obtained to punish for counterfeiting the notes of the Bank of the United States?

Now, mark the difference between the "*more humble purpose*" of creating this corporation, and the incidental power of punishment under the post office law. The power to punish is derived incidentally from the right to establish the office or road. The power to create the corporation is said to be incidental to some other power, and then the power to punish is incident to that: so, we have the incident of an incident to a power, carrying with it the right of punishing with death or imprisonment. So far, then, from being the less, it becomes the greater power, and makes the less equal the greater.

Under the law establishing the North American Bank, no power was attempted to be exercised providing against counterfeiting its notes or seal, deeming it unauthorized by the articles of confederation. We find in the constitution the power given "to coin money, and regulate the value thereof:" it was not even left to implication, as it might have been fairly done, to provide against counterfeiting and debasing the same. But, from the great necessity of the case, and out of abundant caution, knowing that the power did not exist during the confederation, did the convention insert the clause also, "to provide for the punishment of counterfeiting the securities and current coin of the United States." A bank note is neither a Government *security*, nor *current coin*; and, therefore, without this provision of the constitution, it is the creature of the corporation itself, and must, therefore, look to that for protection. To give protection, it should be shown to be a principal, substantive power in the constitution; which cannot be done, as it is nowhere among the enumerated articles.

These views are applicable to every branch of the subject depending upon construction and implication; and it is, therefore, deemed unnecessary to press them further. It is, however, a little strange to think, that, after ransacking all the powers of the constitution, under which to locate this *incident*, as it is called, it is at last found to reside under the power "to

coin money, and regulate the value thereof." Now, what is the plain meaning of all this? Has not this power executed itself, long since, without the aid of a bank or corporation? nor is either necessary for the purpose. Coin is a term known all over the world, as applicable to metallic substances as money, in contradistinction of paper. Who ever heard of a mint coining paper? It is a generic term, of which there are different species, and paper is but the representative of money. It is capable of division and subdivision into aliquot parts; and the proper business of regulation is, to say of what each part shall consist. This has been the interpretation of the clause, under consideration, from the foundation of the Government down to the present time, and the necessary laws made in pursuance thereof. A committee of this House has been raised, the present session, to regulate the value of "coin;" and, I am sure, they do not mean to do so by a bank charter, or an act of incorporation: for, these are the measures the Committee of Ways and Means have to consider, which are separate and distinct from the regulation of the current coin. The incident here, then, does not follow the principal.

If the States are authorized to establish banks, and issue paper founded on a specie basis, and thereby vitiate the circulating medium, by stopping payment, or over-issues, it does not follow that you have the right to control them, by substituting the same currency, which is liable to the same consequences. Your power, under the constitution, must be perfect; and if it be the State banks you design to reach in this way, which supposes an incompetency in the respective Legislatures to govern them, you can march directly up to the object, and suppress them altogether. But it is not the *paper currency* which Congress is entrusted with the power of regulating; and here lies the error of the argument, in supposing a case which does not exist.

It is the duty of Congress to collect the revenue, and this is the appropriate power, if any were to be found, to which this subject refers itself, depending, as it does, upon implication. And if so, it should have been confined to that object, and that alone. But it is something more. It is a thing capable of being seen and felt; a body of individuals invested with all the powers and privileges of an exclusive trading company dealing in paper, which it would be in the power of any one of the States to suppress in an individual or private company, without such authority. It is, moreover, capable of holding real estate to a large amount within the States, which the constitution expressly confines to special cases, and has done business, as appears by the last returns, to an amount upwards of one hundred and twenty-seven millions of dollars, while it is alone responsible for its debts in its corporate capacity. It is, therefore, too great a power to rest upon *construction and implication merely*.

That the bank adds facilities to trade and commerce generally, and, to a certain extent, regulates the course of exchange, will not be questioned; but does that justify Congress in erecting a broker's shop to do what is the business of individual enterprise, and the natural channel of trade itself?

So a commercial company would be very *convenient*, nay, *useful*, for all these purposes; and it would be just as much within the competency of Congress to establish one in the city of New York, Boston, or Philadelphia, to trade to the East Indies, or anywhere else, under the idea of *facilitating* commerce and *regulating* exchanges, as to establish a bank. Other illustrations might be furnished, were it necessary, going to show the danger of

this power of implication, when carried beyond its natural legitimate sphere, which may be used to raise up an independent power, and thus do away all the limitations and restraints imposed upon Congress by the constitution; and so we think of the bank incorporation.

It would seem to be a safe rule of constructing the constitution, that, in all doubtful cases, where the power is not expressed, nor clearly necessary to execute the purpose, it is better to refrain than exercise it. If we had no other lights but reason to guide us in this instance, the previous decisions of Congress and the judiciary would be entitled to that weight which they deserve as authority for settling a constitutional question founded upon opinion merely. But when we have the best evidence the nature of the case admits of, the journals of the federal convention which adopted the constitution, and since published, we do not feel ourselves at liberty to reject it, and range at large again over the wide field of speculative opinion to find out what they meant.

Among various propositions submitted to the convention in a resolution, some of which were adopted, there is one to grant charters of incorporation generally. It has been argued from this, that although they did not choose to grant the power generally, it does not follow that they were unwilling for it to be used as a means in executing any one of the specified powers. It seems that they were unwilling to grant it, either for general or special purposes. For, it farther appears, that it was proposed to grant charters of incorporation in cases where the public good may require them, and the authority of a single state may be incompetent, which they did not choose to incorporate into the constitution. Can it, for a moment, be supposed that they designedly excluded it from among the enumerated powers, with a view that it might be impliedly exercised? This would be to accuse them of a species of fraud, of imposition upon the people, which we are not willing to believe. The true secret how it came to be left out, is disclosed in Mr. Jefferson's memoirs, by a note made of the transactions in the convention upon the evidence of two of its members, which is as follows:* "Baldwin mentions at table the following fact: When the bank bill was under discussion in the House of Representatives, Judge Wilson came in and was standing by Baldwin. Baldwin reminded him of the following fact, which passed in the grand convention. Among the enumerated powers given to Congress, was one to erect corporations. It was, on debate, struck out. Several particular powers were then proposed. Among others, Robert Morris proposed to give Congress a power to establish a national bank. Gouverneur Morris opposed it, observing that it was extremely doubtful whether the constitution they were framing could ever be passed at all by the people of America; that to give it its best chance, however, they should make it as palatable as possible, and put nothing into it not very essential, which might raise up enemies; that his colleague (Robert Morris) well knew that 'a bank' was, in their State, (Pennsylvania,) the very watch-word of party; that a *bank* had been the great bone of contention between the two parties of the State, from the establishment of their constitution—having been erected, put down, and erected again, as either party preponderated; that, therefore, to insert this power, would instantly enlist against the whole instrument the whole of the anti-bank party in Pennsylvania. Whereupon it was rejected, as was every other special power, except that

* See Vol. IV, p. 506.

of giving copyrights to authors, and patents to inventors; the general power of incorporating being whittled down to this shred. Wilson agreed to the fact." This, it should seem, ought to settle the question, whether an incorporation be a general or incidental power.

We propose now to submit some other views against the expediency of renewing the present charter of the Bank of the United States, in addition to what has been already said connected with the other branch of the subject. The arguments relied upon in its favor, seem to be chiefly those regarding the fiscal operations of the Government, the rate of exchange, and the uniformity of currency.

Although these considerations may have had their influence in the original creation of the charter, the reason, in a great measure, having ceased which brought it into existence, does away the necessity of its continuance. There are, however, other paramount considerations, growing out of the corruptions and influences which the bank might exert, not only upon the head, but every department of the Government, executive, legislative, and judicial, calculated to destroy the purity, virtue, and independence of our political institutions, that far outweigh, in our estimation, any supposed benefits conferred by it upon either the Government or the people. We are not going into a view of the principles of banking to prove what is well settled in political economy, that every paper dollar in circulation takes the place of a silver one. It is an evil existing in every State of this Union, which you proposed to cure, not by restraining, but increasing the issues to a tenfold degree. It is, to be sure, a prohibition against the extension of the paper of the State banks, which you come into the market to supply, not with any additional specie capital, but with a currency of the same character and denomination, deriving its superiority from the value imparted to it by legislation, of being made receivable in all debts to the Government of the United States. The banks of the several States paying specie, it is true, are upon the same footing, in this respect. But suppose, from any unforeseen circumstances, such, for instance, as a run upon the bank for specie, which it would be unable to meet, as happened to the Bank of England in 1797, and it became necessary to stop payment; how would the case then stand? Why, these notes would still be receivable in payment, and the bank continue to issue and deal in paper, while protected in specie payments, and demand of other banks their notes in specie. We know it will be said that the charter is not founded upon such a state of things, and, therefore, unwarranted; but it is within the range of probability; and justice to the Government, as well as the community, would authorize the measure to save the bank, upon the maxim that "*necessitas habet non legem.*"

So far as the fiscal operations of the Government are concerned, which now consist chiefly in transferring its funds from one part of the country to the other, a bank, with a capital of thirty-five millions of dollars, can scarcely be necessary, after the payment of the public debt, when the expenditures of the Government will not require more than eleven millions of dollars. It is believed the Secretary of the Treasury will find no difficulty in managing its concerns through the agency of the State banks, upon nearly as favorable terms as it now does through the United States' Bank, and less injuriously upon different parts of the country. There could always be found some one, if not all, of good credit to entitle it to the confidence of the department for the purpose; and, if not, it would be his business to make them so, under the resolution of 1816, by rejecting their notes. To this it is ob-

jected, that you place the execution of your laws into the power of agents not created by you, and therefore irresponsible. They would be responsible to you in the same way that they are responsible to every body else, in the payment of their debts; and it is supposing a want of confidence in the States who created them, that they would not do *their* duty in compelling them to pay specie for their notes. They, on the other hand, with equal propriety, might distrust you in the performance of your duty, in this respect, as it regards the Bank of the United States. In reasoning from the condition of the local banks in 1816, and the supposed agency of the United States' Bank in reducing the depreciated circulating medium from one hundred and ten millions of dollars to forty-five millions, within four years, is claiming too much; and such a state of things cannot be expected again to happen without the like causes, when the United States' Bank would be found in the same, if not a worse, situation. The losses therefore consequent upon that period, should not be considered as applicable to the present peaceful times.

The city of New York collects much the greater part of the revenue arising from imposts, and a draft upon that place would always command a premium in the south and west, where the course of exchange is usually against them; and, in this way, the holder would profit by the rate of exchange, whereas he is now driven to the necessity of purchasing of the bank a domestic bill for the purpose, which forms so very profitable a part of its business, being \$16,691,129 34, as appears by the report of the last year's monthly returns of its condition. At what price these bills are obtained, is best known to those who have been compelled to deal in them. They would likewise be relieved from that constant drain of specie which is constantly going on through the branches, which are but conduits to the mother bank in collecting it for transportation. If the withdrawal of specie from the community, and supplying its place with paper, be the *uniform currency* which the bank was intended to produce, then has it most happily effected the purpose. The circumstance of the notes being receivable in payment to the Government, has given them a universality of character, and a circulation so far removed from the place where issued, that they do not return for payment; and this operation, it is found, can be carried on with perfect safety in the south and the west, where the excessive issue of paper appears. The notes of the local banks would be confined within a small compass, and, constantly coming back upon them for payment, would always keep a constant supply of specie in circulation. It is a little curious to see the systematic course of trade in specie carried on of late years by the bank through its branches, exclusively, to the south and west. That, while the specie on hand has remained about stationary, the issues of notes have considerably increased; and the annexed table of the returns, for the month of December last, will show the condition of those branches, and their ability to take up their notes. Since the 1st of July, 1827, when, in order to evade the provisions of the charter requiring the *notes and bills* of the *bank made payable on demand* to be signed by the President, and countersigned by the principal cashier or treasurer, (which Congress refused to amend, so as to authorize it to be done by an agent or agents,) it appears, that branch drafts, as they are called, but, in our opinion, nothing but common orders, in violation of the charter, have been issued, principally at those branches, to the amount of 7,096,765 dollars, of which there is supposed to be in circulation 5,029,000 dollars. During the same period, specie to the very large amount

of 8,317,790 51 has been drawn from the same branches to the parent bank. These drafts or orders, instead of finding their way to the mother bank, where they purport to be payable, remain in the country where issued, and circulate as paper in place of the specie thus withdrawn. They are receivable in all payments to the Government, but not of individuals, unless as a matter of favor; they are neither *bills* nor *notes* made payable on demand, such as the charter describes as a circulating medium, wanting the most important essentials, the signatures of the President and Cashier; and, therefore, are properly receivable nowhere.

The bank, then, to be entitled to our favor, should show, by its conduct, and the management of its affairs, that it is worthy to deserve it. It may have been faithful to the interests of the stockholders, but it should also appear that its power has not been used to the oppression of the community, nor for any improper purpose. Before, therefore, we could give it our sanction, were it deemed constitutional and expedient, it should undergo the severest scrutiny by an investigating committee, with power to send for persons and papers.

We have seen it at the period when the President, in the discharge of his official duties, thought proper to call the attention of Congress to the subject, instead of taking heed and curtailing its discounts, with a view to the probable expiration of its charter, going on extending its accommodations regardless of the admonition; creating new interests, and making new friends, relying upon its own influence and the supposed strength of public opinion, to carry it through. The directors congratulating the stockholders at the last annual meeting upon the fidelity and success with which the institution had been managed, (and thereupon receiving thanks,) having done business, for the last year, to the amount of one hundred million of dollars, we find resort had to the charter, in defiance of Congress; and, in the penal part of it, taking the word *order* to mean an *authority*, upon which have been circulated seven millions of dollars in the the shape of money, to the injury of the public by its not being receivable, except at the pleasure of the bank; thereby destroying to a certain extent that uniformity in the currency which had been claimed for it: that, according to Mr. Cheves's report, within twenty-seven months after it first went into operation, it was so badly conducted on the part of the then directors, by speculations upon the stock far beyond its real value, and otherwise, as to have brought it within one month of a state of complete bankruptcy, with all the aid of the Government to support it, amounting to eight millions of dollars. We now find the whole amount of notes issued to be \$40,621,211 18; one half of which may be considered in circulation, with but \$7,038,823 12 on hand. The picture is here presented, to be drawn out by others.

We moreover view it as one of the most stupendous engines of political power that was ever erected; capable of being exerted not only against the head, but every branch of the Government; corrupting by its money, and aweing by its power, the virtuous and independent action of the representatives of the people, in prostituting them to its base and sinister purposes. Whole States are liable to be operated upon in this way, and made to surrender their principles by the reward and temptations held out in a loan; in case, for instance, the question depended upon a renewal of its charter or not. On the other hand, we can well conceive that an ambitious man, happening by chance to get to the head of the administration, perhaps by its influence, might make it subservient to his views in maintaining his position

against the will of the people, by corrupting the very source itself of the elective franchise; in subsidizing the presses of the country; and causing branches to be established in different places, not in reference to the public good, but to promote his own political views, and the interests of the bank. It is not sufficient to say that this is reasoning upon a state of corruption which heretofore has not existed, and Congress would have it in its power to control at a stated period by a repeal of the charter; but, if it be a probable consequence of the system itself, it is not claiming too much to suppose that it may be employed this way at some time or other.

It is also a question of the gravest consideration at this time, not only with the American Congress, but the whole people, how far it is expedient to incorporate a moneyed institution, the stock of which is capable of being held by foreigners in sufficient quantity to control the whole transactions of the system. In time of war, loans beyond the amount which the charter authorizes, might be withheld, and even funds furnished the enemy of our common country, to be used against us; and, in this way, the whole operations of the Government be paralyzed by this influence abroad! Already we see the amount of eight millions and a half held by foreigners, nearly one-fourth of the whole capital stock; and, in case of renewal, there is no doubt but other large investments will take place!

With these views, we are opposed to a renewal of the charter of the Bank of the United States; and more particularly at this time, when two elections of representatives to Congress, under the present census, are to intervene, before the expiration of the charter.

M. ALEXANDER.
NATHAN GAITHER.

		Bills discounted on personal security.	Bills discounted on funded debt.	Bills discounted on bank stock.	Domestic bills of exchange.	Foreign bills of exchange.	Real estate.	Due from Bank U. S. & offices.
1831.	Bank United States	8,785,855 80	-	215,460	2,333,879 19	91,668 23	78,744 54	18,151,742 06
Dec. 31	Office, Portland	180,128 59	-	-	49,735 92	-	-	226,479 80
26	Portsmouth	99,053 66	-	800	97,921 65	-	6,941 52	346,677 83
26	Boston	831,029 95	-	17,906 55	1,755,390 08	-	-	553,940 18
22	Providence	622,596 28	-	-	404,373 53	-	-	98,110 71
22	Hartford	480,417 26	-	7,100	40,859 67	-	29,915 25	128,319 90
26	New York	4,662,725 86	-	-	1,353,045 08	-	-	1,478,439 82
28	Baltimore	2,092,517 80	-	209,906 99	277,816 53	-	-	254,426 06
26	Washington	1,268,125 89	-	39,330	150,349 43	-	191,944 55	219,200 64
24	Richmond	1,067,597 87	-	35,977 40	655,455 42	-	64,292 95	84,510 28
20	Norfolk	678,224 95	300	51,522 15	225,247 26	-	44,534 25	396,998 40
24	Fayetteville	665,844 17	-	11,900	146,423 17	-	21,515 73	852,619 07
19	Charleston	3,054,014 01	17,750	122,254 44	375,237 95	-	-	23,853 81
20	Savannah	857,210 02	-	5,000	194,168 22	-	-	511,242 78
20	Mobile	1,503,678 49	-	-	153,107 93	-	-	105,301 12
16	New Orleans	6,454,730 05	-	13,000	1,958,934 35	-	12,065	1,687,930 25
12	Natchez	884,323 36	-	-	850,447 07	-	-	10,949 88
Dec. 12	St. Louis	564,045 45	-	-	86,995 95	-	-	545,389 68
7	Nashville	2,602,213 17	-	-	1,677,927 18	-	-	233,339 26
8	Louisville	2,516,085 20	-	-	1,183,416 78	-	69,420 83	285,770 56
19	Lexington	930,415 77	-	-	1,194,088 06	-	229,184 04	125,180 11
15	Cincinnati	3,261,063 13	800	1,000	419,824 84	-	-	455,652 89
19	Pittsburgh	1,300,465 90	-	-	509,232 66	-	94,988 13	275,188 72
22	Buffalo	742,402 57	-	-	279,137 37	-	-	51,414 74
27	Utica	609,272 20	-	-	143,443 24	-	-	5,305 33
21	Burlington	451,364 61	-	-	164,670 81	-	-	22,926 92
21	Agency, Cincinnati	1,526,414 75	-	-	-	-	1,213,353 88	44,087 43
30	Chillicothe	160,753 58	-	-	-	-	79,624 89	
		48,852,570 34	18,850	731,157 53	16,691,129 34	91,668 23	2,136,525 56	27,173,998 23

GENERAL STATEMENT—Continued.

	Due from State banks.	Losses chargeable to contingent fund.	Deficiencies.	Banking houses.	Treasurer U.S.	Expenses.	Notes of Bank U.S. & offices.	Notes of State banks.
831.								
31	Bank United States -	853,179 36	328,126 50	413,081 19	-	66,983 27	863,442 58	655,074 14
26	Office, Portland -	55,094 81	7,020 83	-	-	185 90	96,320	29,840
26	Portsmouth -	197 50	84,496 10	-	-	-	151,385	26,771
22	Boston -	146,561 64	12,146 38	116,777 02	-	-	573,140	56,411
22	Providence -	7,843 91	925 65	-	-	66 56	229,175	12,315
26	Hartford -	11,048 11	14,245 72	-	-	-	54,055	25,311
28	New York -	664,153 05	61,050 13	87,000	-	2,380 95	1,843,636	361,971 39
26	Baltimore -	122,612 49	1,662,502 06	110,657 34	-	122 22	633,490	67,425 76
24	Washington -	53,349 36	205,499 03	34,613 10	26,488 61	6,152 93	269,090	31,359 25
20	Richmond -	91,215 25	39,148 46	35,923 57	-	7,307 61	384,520	103,785 34
24	Norfolk -	31,174 04	229,253 40	35,109 65	-	194 03	394,900	12,098
19	Fayetteville -	14,647 63	57,953 67	13,385 02	-	37 75	74,325	4,629
20	Charleston -	239,571 45	138,032 06	67,727 78	-	-	453,320	82,149
20	Savannah -	314,630 88	146,569 57	43,600	-	796 92	1,251,100	126,280
16	Mobile -	90,761 34	-	24,096 92	-	147 88	454,760	27,959 51
12	New Orleans -	950,889	33,748 61	48,000	-	2,920 26	3,047,385	107,013
24	Natchez -	72,662 87	-	15,519 71	-	5,585 12	309,740	3,295
12	St. Louis -	-	-	-	-	-	950,590	
7	Nashville -	1,411 25	405 28	15,000	-	4 75	1,460,830	37,964 19
8	Louisville -	5,797 32	165,050 87	26,970 92	-	3 56	274,855	10,972
19	Lexington -	-	194,982 88	-	-	219 62	664,575	
15	Cincinnati -	100,390 08	-	23,496 71	170,000 00	520 10	426,935	52,924
19	Pittsburgh -	253 94	94,627 07	21,183 21	2,194 36	512 35	293,085	202,416
22	Buffalo -	41,264 64	-	16,995 08	-	11 40	494,225	68,169
27	Utica -	55,719 44	-	-	-	40 63	298,805	47,905 22
21	Burlington -	12,715 12	-	10,500	-	-	42,780	17,638 51
21	Agency, Cincinnati -	-	-	-	-	4,954 48		
30	Agency, Chillicothe -	7,703 26	19,004 27	-	-	2,158 26		
		3,944,847 74	3,494,588 54	1,159,637 22	198,682 97	101,306 55	15,990,463 58	2,171,676 31

	Specie.	Capital stock.	Notes issued.	Discount, exchange, and interest.	Foreign exchange account.	Baring, Brths. & Co., Hope & Co., and Hottinguer & Co.	Dividends unclaimed.	Profit and loss.
1831.								
ec. 31	Bank United States -	2,811,640 83	4,001,938 68	325,208 26	326,546 94	1,447,748 68	22,066 75	1,747,863 51
26	Office, Portland -	70,452 22	210,185	1,112 52	-	-	556 50	
26	Portsmouth -	50,111 76	282,865	566 91	-	-		
22	Boston -	328,377 58	973,955	11,441 56	-	-	346 50	
22	Providence -	102,627 74	422,210	3,246 56	-	-	1,904	
26	Hartford -	28,094	363,747 50	1,809 38	-	-	644	
28	New York -	664,686 64	1,762,907 50	29,384 28	-	-	9,829 75	
26	Baltimore -	228,000	1,118,467 50	9,051 66	-	-	4,706 75	
24	Washington -	54,610 54	951,827 50	5,494 05	-	-	3,486 43	
20	Richmond -	197,212 02	1,189,165	5,895 07	-	-	8,356 50	
24	Norfolk -	112,159 38	1,222,935	3,290 70	-	-	2,450	
19	Fayetteville -	18,943 75	1,141,030	1,880 95	-	-	81 50	
20	Charleston -	271,468 80	1,481,920	10,386 40	-	-	9,168	
20	Savannah -	376,642 24	2,372,050	3,347 90	-	-	850 50	
16	Mobile -	153,671 72	1,719,065	4,379 68	-	-		
12	New Orleans -	510,346 06	7,929,955	18,793 82	-	-	175 75	
24	Natchez -	57,825 83	740,000	48,283 99	-	-		
c. 12	St. Louis -	136,897 51	844,795	1,433 14	-	-	72	
7	Nashville -	167,866 36	3,559,065	6,440 16	-	-		
8	Louisville -	217,431 25	1,174,420	5,746 46	-	-		
19	Lexington -	91,513 28	2,005,020	4,028 96	-	-	180 30	
15	Cincinnati -	111,028 17	1,542,810	12,094 14	-	-	42	
19	Pittsburgh -	31,809 84	1,256,832 50	5,924 85	-	-		
22	Buffalo -	105,232 46	1,071,385	3,518 51	-	-		
27	Utica -	67,750 66	752,610	3,048 96	-	-		
21	Burlington -	72,422 48	518,995	2,417 95	-	-		
21	Agency, Cincinnati -	-	1,830	1,089 85	-	-		
30	Chillicothe -	-	225		-	-		
		7,038,823 12	40,621,211 18	529,316 17	326,546 94	1,447,748 68	64,917 23	1,747,863 51
		35,000,000						

GENERAL STATEMENT—Continued.

	Contingent fund.	Due to Bank U. S. and offices.	Due to State banks.	Redemption of public debt.	Deposites on account Treasurer United States.	Deposites of public officers.	Deposites of individuals.
1831.	5,607,488 36	1,072,546 91	202,938 90	2,698,829 70	483,158 17	199,386 22	1,182,020 59
ec. 31	-	303,035 81	19,550 60	-	92,170 79	44,761 16	34,885 69
26	-	242,502 34	1,645 56	-	1,675 12	24,676 43	9,724 66
26	-	911,260 91	124,651 69	-	800,918 94	279,690 22	210,277 66
22	-	167,298 43	8,788 65	-	47,353 22	15,644 46	12,565 06
22	-	73,393 70	5,753 50	-	29,650 66	11,710 47	32,768 75
26	-	2,418,120 99	268,358 96	-	3,472,734 29	259,735 56	1,070,277 72
28	-	2,363,902 61	126,836 76	-	97,170	49,000 52	440,837 31
26	-	337,081 41	41,487 66	-	187,251 10	254,430 67	269,054 51
24	-	339,340 35	-	-	34,823 07	37,589 91	231,889 32
20	-	31,829 43	18,103 08	-	93,447 06	38,459 03	841,345 38
24	-	11,403 71	140,050 12	-	26,098 51	21,196 73	40,482 44
19	-	796,690 43	133,349 45	-	273,379 33	14,349 38	626,136 31
20	-	233,649 37	28,709 96	-	35,432 41	19,539 69	133,460 80
20	-	175,389 85	3,465 57	-	447,720 87	51,844 95	112,076 01
16	-	3,075,194 36	532,390 67	-	875,488 70	107,724 09	1,287,239 19
12	-	1,156,820 77	14,833 56	-	106,701 86	2,421 54	141,287 12
Nov. 24	-	793,470 58	6,607 40	-	356,725 31	24,238 58	256,576 58
Dec. 12	-	1,272,492 18	44,846 68	-	133,152 73	10,805 19	170,304 50
7	-	1,771,209 47	27,478 30	-	173,582 51	33,328 21	319,829 04
8	-	142,320 50	170	-	2,495 60	16,889 76	259,191 94
19	-	842,785 02	21,351 48	-	359,653 39	68,919 80	476,416 49
15	-	355,739 54	147,947 29	-	66,108 38	17,371 14	276,033 98
19	-	360,795 70	26,224 58	-	250,663 08	7,935 66	78,629 73
22	-	394,725 73	4,547 24	-	2	25 41	73,281 58
27	-	222,178 79	1,015 53	-	9,280 64	20,703 57	20,426 97
21	1,465 90	2,784,355 75	-	-	-	-	69 04
21	-	268,951 98	-	-	-	-	67 28
Nov. 30	5,608,954 26	22,918,486 12	1,951,103 19	2,698,829 70	8,456,838 54	1,632,378 35	8,107,155 65

GENERAL STATEMENT—Continued.

At Bank United States.

Funded debt	-	-	-	-	-	-	-	-	2,200
Bonds and mortgages	-	-	-	-	-	-	-	-	111,396 66
Due by the United States	-	-	-	-	-	-	-	-	5,267 32

At Office, Norfolk.

Navy Agent	-	-	-	-	-	-	-	-	40,144 17
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Redemption of public debt, in advance.

At Portsmouth	-	-	-	-	-	-	-	-	300
Boston	-	-	-	-	-	-	-	-	403,624 32
Hartford	-	-	-	-	-	-	-	-	112 05
New York	-	-	-	-	-	-	-	-	612,263 13
Baltimore	-	-	-	-	-	-	-	-	16,417 21

RECAPITULATION.

Unfunded debt	-	-	Capital stock	-	35,000,000
Bills discounted on personal security	-	-	Notes issued	-	40,621,211 18
do. funded debt	-	48,852,570 34	Discount, exchange, and interest	-	529,316 17
do. bank stock	-	18,850	Foreign exchange account	-	326,546 94
do. bank stock	-	731,157 53	Baring, Brothers, & Co., Hope & Co., and Hottinguer & Co.	-	1,447,748 68
Domestic bills of exchange	-	-	Dividends unclaimed	-	64,917 23
Foreign do. do.	-	-	Profit and loss	-	1,747,863 51
Real estate	-	-	Contingent fund	5,608,954 26	
Due from Bank U. States and offices	-	-	Less losses chargeable to contingent fund	3,494,588 54	
State banks	-	-	Due to Bank U. States and offices	22,918,486 12	2,114,365 72
United States	-	-	State banks	1,951,103 19	
Deficiencies	-	-	Redemption of public debt	-	24,869,589 31
Banking houses	-	-	Deposites on account of the Treasurer of the United States	8,456,838 54	2,698,829 70
Expenses	-	-	Do. less overdrafts and special deposits	198,682 97	
Cash, viz. Notes of Bank U.S. and offices	-	15,990,463 58	Do. of public officers	8,258,155 57	
State banks	-	2,171,676 31	Do. of individuals	1,632,378 35	
Specie	-	7,038,823 12		8,107,155 65	17,997,689 57
Mortgages	-	-			
Navy Agent, Norfolk	-	-			
Redemption of public debt, in advance	-	-			
					127,418,078 01

BANK OF THE UNITED STATES, January 2, 1832.

W. MCILVAINE, Cashier.

OFFICIAL OPINION

OF

THOMAS JEFFERSON IN 1791,

Upon the establishment of a National Bank.

The bill for establishing a national bank, undertakes, among other things:

1. To form the subscribers into a corporation.
2. To enable them, in their corporate capacities, to receive grants of land; and so far, is against the laws of *mortmain*.*
3. To make *alien* subscribers capable of holding lands; and so far, is against the laws of *alienage*.
4. To transmit these lands, on the death of a proprietor, to a certain line of successors; and so far, changes the course of *descents*.
5. To put the lands out of the reach of forfeiture or escheat; and so far, is against the laws of *forfeiture* and *escheat*.
6. To transmit personal chattels to successors in a certain line; and so far, is against the laws of *distribution*.
7. To give them the sole and exclusive right of banking under the national authority; and so far, is against the laws of *monopoly*.
8. To communicate to them a power to make laws paramount to the laws of the States; for so they must be construed, to protect the institution from the control of the State Legislatures; and so, probably, they will be construed.

I consider the foundation of the constitution as laid on this ground, that "all power, not delegated to the United States, by the constitution, nor prohibited by it to the States, are reserved to the States, or to the people." [Twelfth amendment.] To take a single step beyond the boundaries thus specially drawn around the powers of Congress, is to take possession of a boundless field of power, no longer susceptible of any definition.

The incorporation of a bank, and the powers assumed by this bill, have not, in my opinion, been delegated to the United States by the constitution.

I. They are not among the powers specially enumerated, for these are—
1. A power to *lay taxes* for the purpose of paying the debts of the United States. But no debt is paid by this bill, nor any tax laid. Were it a bill to raise money, its origination in the Senate would condemn it by the constitution.

2. To "borrow money." But this bill neither borrows money nor insures the borrowing it. The proprietors of the bank will be just as free as any other money holders, to lend or not to lend their money to the public. The operation proposed in the bill, first to lend them two millions, and then

* Though the constitution controls the laws of mortmain, so far as to permit Congress itself to hold lands for certain purposes, yet not so far as to permit them to communicate a similar right to other corporate bodies.

borrow them back again, cannot change the nature of the latter act, which will still be a payment and not a loan, call it by what name you please.

3. "To regulate commerce with foreign nations, and among the States, and with the Indian tribes." To erect a bank, and to regulate commerce, are very different acts. He who erects a bank, creates a subject of commerce in its bills; so does he who makes a bushel of wheat, or digs a dollar out of the mines. Yet neither of these persons regulates commerce thereby. To make a thing which may be bought and sold, is not to prescribe regulations for buying and selling. Besides, if this were an exercise of the power of regulating commerce, it would be void, as extending as much to the internal commerce of every State as to its external. For the power given to Congress by the constitution, does not extend to the internal regulation of the commerce of a State, (that is to say, of the commerce between citizen and citizen,) which remains exclusively with its own Legislature; but to its external commerce only, that is to say, its commerce with another State, or with foreign nations, or with the Indian tribes. Accordingly, the bill does not propose the measure as a "regulation of trade," but as "productive of considerable advantage to trade." Still less are these powers covered by any other of the special enumerations.

II. Nor are they within either of the general phrases, which are the two following—

1. "To lay taxes, to provide for the general welfare of the United States;" that is to say, "to lay taxes *for the purpose* of providing for the general welfare." For the laying of taxes is the *power*, and the general welfare the *purpose* for which the power is to be exercised. Congress are not to lay taxes, *ad libitum*, for any purpose they please, but only to pay the debts, or provide for the welfare of the Union.

In like manner, they are not to do any thing they please to provide for the general welfare, but only to lay taxes for that purpose. To consider the latter phrase, not as describing the purpose of the first, but as giving a distinct and independent power to do any act they please, which might be for the good of the Union, would render all the preceding and subsequent enumerations of power completely useless. It would reduce the whole instrument to a single phrase, that of instituting a Congress with power to do whatever would be for the good of the United States; and as they would be the sole judges of the good or evil, it would be also a power to do whatever evil they pleased. It is an established rule of construction, where a phrase will bear either of two meanings, to give it that which will allow some meaning to the other parts of the instrument, and not that which will render all the others useless. Certainly no such universal power was meant to be given them. It was intended to lace them up straitly within the enumerated powers, and those without which, as means, these powers could not be carried into effect. It is known that the very power now proposed *as a means* was rejected *as an end*, by the convention which formed the constitution. A proposition was made to them to authorize Congress to open canals, and an amendatory one to empower them to incorporate, but the whole was rejected; and one of the reasons of rejection, urged in debate, was, that they would have a power to erect a bank, which would render the great cities, where there were prejudices and jealousies on that subject, adverse to the reception of the constitution.

2. The second general phrase is, to make all laws *necessary* and proper for carrying into execution the enumerated powers. But they can all be

carried into execution without a bank. A bank, therefore, is not *necessary*, and consequently not authorized by this phrase.

It has been much urged, that a bank will give great facility or convenience in the collection of taxes. Suppose this were true; yet the constitution allows only the means which are *necessary*; not those which are merely "convenient" for effecting the enumerated power. If such a latitude of construction be allowed to this phrase, as to give any non-enumerated power, it will go to every one; for there is no one which ingenuity may not torture into a *convenience in some way or other, to some one* of so long a list of enumerated powers. It would swallow up all the delegated powers, and reduce the whole to one phrase, as before observed. Therefore, it was that the constitution restrained them to the *necessary* means, that is to say, to those means, without which, the grant of the power would be nugatory.

But let us examine this "convenience," and see what it is. The report on this subject, page 2, states the only *general* convenience to be, the preventing the transportation and re-transportation of money between the States and the Treasury. [For I pass over the increase of circulating medium, ascribed to it as a merit; and which, according to my ideas of paper money, is clearly a demerit.] Every State will have to pay a sum of tax money into the Treasury, and the Treasury will have to pay in every State a part of the interest on the public debt, and salaries to the officers of Government resident in that State. In most of the States, there will still be a surplus of tax money to come up to the seat of Government, for the officers residing there. The payments of interest and salary in each State, may be made by Treasury orders on the State collector. This will take up the greater part of the money he has collected in his State, and consequently prevent the great mass of it from being drawn out of the State. If there be a balance of commerce in favor of that State, against the one in which the Government resides, the surplus of taxes will be remitted by the bills of exchange drawn for that commercial balance.

And so it must be, if there were a bank. But if there be no balance of commerce, either direct or circuitous, all the banks in the world could not bring us the surplus of taxes but in the form of money. Treasury orders, then, and bills of exchange, may prevent the displacement of the main mass of the money collected, without the aid of any bank; and where these fail, it cannot be prevented even with that aid.

Perhaps, indeed, bank bills may be a more *convenient* vehicle than Treasury orders; but a little *difference* in the degree of convenience, cannot constitute the necessity which the constitution makes the ground for assuming any non-enumerated power.

Besides, the existing banks will, without doubt, enter into arrangements for lending their agency, and the more favorable, as there will be a competition among them for it. Whereas, this bill delivers us up, bound to the national bank, who are free to refuse all arrangements but on their own terms, and the public not free, on such refusal, to employ any other bank. That of Philadelphia, I believe, now does this business by their post notes, which, by an arrangement with the Treasury, are paid by any State collector to whom they are presented. This expedient alone, suffices to prevent the existence of that *necessity* which may justify the assumption of a non-enumerated power, as a means for carrying into effect an enumerated one.

The thing may be done, and has been done, and well done, without this

assumption; therefore, it does not stand on that degree of *necessity* which can honestly justify it.

It may be said that a bank whose bills would have a currency all over the States, would be more convenient than one whose currency is limited to a single State. So it would be still more convenient, that there should be a bank whose bills should have a currency all over the world. But it does not follow from this superior conveniency, that there exists any where a power to establish such a bank, or that the world may not go on very well without it.

Can it be thought that the constitution intended, that for a shade or two of *convenience*, more or less, Congress should be authorized to break down the most ancient and fundamental laws of the several States, such as those against mortmain, the laws of alienage, the rules of descent, the acts of distribution, the laws of escheat and forfeiture, and the laws of monopoly. Nothing but a necessity invincible by any other means, can justify such a prostration of laws, which constitute the pillars of our whole system of jurisprudence.

Will Congress be too straight laced to carry the constitution into honest effect, unless they may pass over the foundation laws of the State Governments, for the slightest convenience to theirs?

The negative of the President is the shield provided by the constitution to protect against the invasions of the Legislature. 1st. The rights of the Executive; 2d. of the Judiciary; 3d. of the States and State Legislatures. The present is a case of a right remaining exclusively with the States; and is, consequently, one of those intended by the constitution to be placed under his protection. It must be added, however, that unless the President's mind, on a view of every thing which is urged for and against this bill, is tolerably clear, that it is unauthorized by the constitution, if the *pro* and the *con* hang so even as to balance his judgment, a just respect for the wisdom of the Legislature would naturally decide the balance in favor of their opinion. It is chiefly for cases where they are clearly misled by error, ambition, or interest, that the constitution has placed a check in the negative of the President.

THOMAS JEFFERSON.

February 15th, 1791.